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and Financial Management



47th Annual CREDIT CONGRESS

at Cincinnati, Ohio May 10th to 14th

Plan to Attend!

2nd Summer Institute of Credit Management

July 26 - Aug. 8, 1942

On the Campus at Babson Park

Designed to aid the nation's credit executives, the Summer Institute of Credit Management—a two weeks' intensive program of professional education—is sponsored by the National Association of Credit Men and conducted jointly with the Babson Institute of Business

Situated on the rolling, pine-studded slopes of Wellesley Hills, just 12 miles west of Boston, the campus of Babson Institute is a most desirable locale for a combination of summer education and recreation.

Babson Institute has an enviable reputation in the field of advanced business training.

Typical of the reactions of the "pioneer" 1941 students is this unsolicited endorsement by Frank E. Byrne, Cannon Mills, New York: "The 1941 Summer Institute was a complete success . . . the room arrangements were very satisfactory, the food excellent and, in my opinion, the courses were well planned and administered."

The 1942 curriculum lists these highly pertinent courses and expertly qualified instructors:

Analysis of Financial Statements Professor John Andrew Petersen, Babson Institute





Bankruptcy and Reorganizations

Professor Louis P. Starkweather, New York University Economics for Today and Tomorrow (including money, production, distribution, labor, capital management.)
Professor Ray B. Westerfield, Yale University

Business Psychology

Eugene J. Benge, Industrial Engineer, Chicago, III.

Commercial Law (including contracts and sales)

Professor Harold Hastings Shively, Babson Institute

Credit Department Management and Procedures (including letters, collection processes, banking credit, information sources, relationship of sales and finances and credits)

Leland T. Hadley, Goodman Manufacturing Co.,

Management Problems and Policies (including emphasis on corporate finance and distribution)

Professor John E. Millea, Babson Institute

Public Finance (including the effect of taxes on business) Dr. Harley L. Lutz, Princeton University, Princeton, N. J.

For further information as to registration, curriculum, living arrangements, costs, recreational facilities, we recommend early return of the coupon below.

Director, Summer Institute of Credit Management Room 1010, One Park Avenue, New York.

Please send me full information about the Summer Institute of Credit Management which is to be held at Babson Park, Mass., July 26-

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Buy a Bond!

■ This week the American people are saving \$100,000,000. They did the same last week—and for many weeks before that. How much was your share? The American people are saving that sum through the purchase of defense bonds and stamps. Are you doing your part?

BUY A BOND!

The American people are in a period of national defense emergency. Their defense forces require arms, ammunition and all the other goods of war. These must be paid for. It is the wise policy to pay for them as much as possible day by day. That means taxes.

It is not possible, however, to pay for all of these costs as they develop. Just as some of the benefits accrue to the future so must some of the burden inevitably be placed on the future. That means we must lend funds to our government.

BUY A BOND!

A combination of taxes and war savings bonds means that we are draining off an increasing amount of war-stimulated earnings. This helps hold down, to some extent, the possibilities of inflation. When we review the post-war inflation of the Twenties and the subsequent deflation of the Thirties, we can agree that as much as possible we should prepare today against tomorrow's problems.

The government could, of course, borrow in the regular way in the money market—at less than one per cent rather than the higher return of some $2\frac{1}{2}$ per cent it offers you and me. That higher return is designed to encourage thrift on the part of each of us. It amounts to a government dividend—

a cash reward over the years for savings today.

BUY A BOND!

As we, individuals and firms, buy war bonds, we accomplish at least two important steps. First, we offset resort to banking channels where bonds could intensify the bank reserve problem and be an inflationary threat. Second, we store up today's purchasing power for use in the post-war period, and thereby help alleviate the post-war adjustment from an economy with emphasis on military production to one depending once again on the production of consumer and capital goods.

It is thus not merely an act of patriotism, or a display of confidence in the worthwhileness of our institutions, or support of our way of life—it is each civilian's contribution to

our economic defense.
BUY A BOND! Regularly—every pay-day!

Henry H. Heimann,

Executive Manager, N.A.C.M.



RADIO ACCENTS personal enjoyment because industry's engineers ingeniously perfected a set of portable dimensions. This cozy instrument—today taken for granted—once presented a baffling batch of manufacturing problems. The solution came in tubes, loudspeaker and other high fidelity parts that are tiny enough to be effective, yet fit a shrunken case. Chemistry contributed a plastic container combining beauty with complete insulation. Thus Industrial Teamwork—a hidden force that propels our production effort—blends the output of many industries to make a single, useful product. Insurance, the industry that protects other industries, helps to keep Industrial Teamwork effective.

THE HOME & Finsurance Company NEW YORK

FIRE * AUTOMOBILE * MARINE INSURANCE

INSURANCE
Aids
Industrial Teamwork

To keep open indus-

try's lines of communication, Insurance lends a helping hand. Its inspection and prevention services tend to reduce hazard and the threat of financial disaster. By paying losses that unavoidably occur, insurance neutralizes many forces that are unfriendly to industry. Finally, its reserve dollars are widely invested in all industry and become bone and muscle to the ramparts of production.

So you've got a War Contract?

MR. CONTROLLER: The bulk of your job, since your firm converted, comes under that gregarious item of "costs." With profits limited and taxes climbing, unreported costs may mean disaster.

Take the single item of Equipment Costs. If you are working as an "operating agent" of the government—or on a "cost-plus" basis—you will be held strictly accountable for the purchase and utilization of all property. You must be able to show proof of such utilization. Not today, perhaps, but years from now—whenever the government chooses to audit your records.

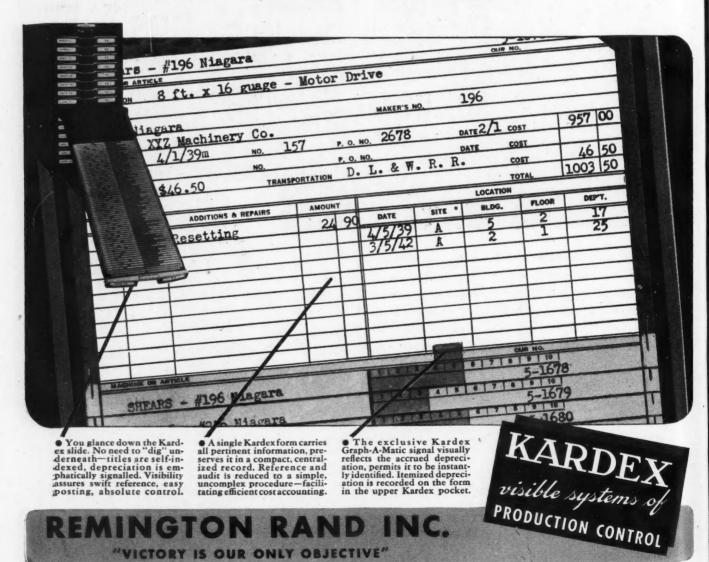
Transfer of equipment is a similar problem. When a machine is moved to another job, your equipment cost must be assigned to the *new* work. At the same time, improvements, repairs, and betterments should be assessed as a cost in the finished product.

It's YOUR job to ascertain and record these costs. But YOU can't collect the facts yourself. Nor will YOUR records be complete unless the

operating records in your shop and plant supply you with accurate data. It's the records that supply your Cost Record, that determine your extent of control.

That's why Kardex Visible Records are your best solution for this complex recording problem. They're complete—every factor is entered on a single card. They're signalled—pertinent data is emphatically high-lighted, assuring attention where emphasis is needed. They're swift—self-indexed for rapid reference, immediately accessible for instant posting. And they're safe—a card can't be hidden or lost.

The Kardex Property Record shown below—now being used by a famous war producer operating on "cost plus"—is but one of many hundreds of Kardex systems serving the Nation's production line. Examine it with an eye for what it can do for YOU. For further data, write Remington Rand, Buffalo, N. Y.—or phone the branch office in your town. No obligation, of course.



Selling in a War Economy

What Constitutes a Desirable Retail Outlet

The hardest of all military maneuvers to plan and execute successfully is a strategic retreat. There are the problems

of when and how far to withdraw, what positions should be held as long as possible, which ones must be defended to the last. Above all the withdrawal must be orderly, organization must be maintained—or a disastrous rout results.

More than a year ago it became apparent to the management of Cooper's, Incorporated, that the forward movement of the business would perforce come to temporary halt. True, we were then not yet at war—but the trend was unmistakable—Pearl Harbor only hastened the inevitable.

Alive to the situation, management postponed the 1941 annual Sales Convention from January to July. In the interval, trends and conditions were studied. The company's World War history was reviewed. Plans were carefully laid, and when Mr. A. R. Kneibler, Vice President in Charge of Sales, announced the theme of the Convention as "Selling in a War Economy" he had a thoroughly thought out, carefully planned program ready to present to the entire organization.

Too Little to Go Around

OUR situation was, and is, that we had an insufficient amount of merchandise for civilian distribution to meet a constantly growing demand. Our problem was, and is, to so conduct our business during the war emergency as to leave our dealers and ourselves in the most favorable situation possible jointly to resume our progress when peace comes. And it is almost unnecessary to point out that this program must be subordinated to the number one task of all industry—war production.

The American mind has undergone considerable war conditioning since last July. Then—and it seems incredibly long ago—we had first of all to bring about an awareness of what was happening and likely to happen.

By K. J. KRAUSE,

Credit Manager, Coopers, Inc. Kenosha, Wisc.

We had to "sell" the idea to our organization as a whole that the program to be presented was necessary, sound and workable. As we look back over the past nine months that step seems even more important now than it did then. It gained for us the understanding cooperation of our sales force and our credit department which is vital to any program of account reduction with the least harmful effect on distribution.

Speaking of understanding cooperation, it is our good fortune that an unusually close and harmonious relationship exists between our sales and credit departments. Problems of mutual concern are handled as such. We in the Credit Department are constantly receiving the wholehearted cooperation of our sales department. In turn, we have become sales-minded to a much greater degree than is usually the case with credit men and women. None of the mutual suspicion, narrowness of viewpoints and lack of cooperation, traditionally part of the relationship between sales and credit departments, exists here. It was therefore only natural that the suggested program worked out by the sales department gave full consideration to the credit phases of the prob-

Potential Dynamite

THE obvious solutions when there is not enough merchandise available for all demands are to sell less to each dealer or to sell fewer dealers. But both solutions carry potential dynamite if handled carelessly. We have used both.

Not much needs to be said about the rationing of merchandise. Nearly every business has records that permit an equitable rationing of goods based on past usage. This becomes then primarily a bookkeeping operation Quite different are the problems encountered in determining the present and potential value of a retail outlet in a community or trading area.

Is Bill Jones the merchant we want and need now? How about five years from now? How does he compare with John Smith in the same town and why? What is the measure of a necessary and desirable retail outlet anyhow?

No two firms selling a nationally advertised and distributed product can use the same method of answering these questions. The product itself, the type of outlets through which it reaches the consumer and, most important, the firm's merchandising and advertising policies all play a part.

Minimum Sales Per Dealer

YEARS ago we had determined what minimum annual volume of shipments was necessary to absorb a proportionate share of the selling, administrative and servicing expenses and show us a profit. Accounts who could not be developed beyond that minimum were classed as "Nuisance Accounts." Yet, we could not say "we will discard nuisance accounts" and solve our problems. Volume alone is not a conclusive yardstick.

Nor could we at one fell sweep close all slow pay or otherwise undesirable credit risks. Credit alone is likewise not the sole consideration.

What then were we to use as a guide to an intelligent restriction of distribution? There was no readymade yardstick. We had to develop one.

First we set up six general elements to be considered as follows:

- 1. Credit standing and pay record.
- 2. Sufficient volume to be profitable to Coopers.
- 3. Store policies and merchandise methods conforming to Coopers Program.
 - 4. Line coverage.
- 5. Necessary outlet to maintain distribution.

6. Relative desirability with regard to other actual or potential outlets in community.

A Point Rating System

THESE general factors were then broken down into 27 searching, revealing questions. Values in terms of points, plus or minus, were assigned to each question answered. The total points of the completed questionnaire thus became the account rating. Such a rating gives us an absolute value of any account considered alone and a relative value when compared with the rating of any other account.

The highest rating possible was 24 points, the lowest minus 15. You see, we not only wanted to know which accounts were desirable but also which were not.

A detailed breakdown of the factor "Credit Standing and Pay Record" will be of interest to credit men and will also illustrate the manner in which each factor was handled.

- A. Good Rating (1st, 2nd or 3rd class Dun rating) and good pay.... + 3 pts. -
- B. Non-rated or 4th class rated but good pay
- + 1 pt. -C. Good rating (1st, 2nd or 3rd) and fair pay. + 1 pt.
- D. Poor rating and/or poor pay 3 pts. -
- E. Asks extra dating or unearned discounts...-1 pt. -

Fair Play for Small Store

EVERY merchant could qualify for but one of the first four factors —the fifth could detract from a plus rating-or make a minus rating

Volume was handled in a way that would be fair to the small store by not giving credit for exceptional volume attainments. Here is the volume breakdown:

- A. Over \$1,000 in shipments in 1940+ 5 pts.
- B. \$350 to \$1,000 in shipments in 1940+ 3 pts. -
- C. \$50 to \$350 in shipments in 1940 3 pts.
- D. Less than \$50 in shipments in 1940 5 pts.

Note that our volume figures were based on 1940 shipments—a year relatively free from defense program abnormalities and dislocations.

Incidentally, Credit and volume and (Continued on page 26)

No. Cooper Accts. (Town or Business District Department Store	
Dry Goods Store	
(Sections 1 and 2 To Be Filled In By	Office)
1. Credit Standing and Pay Record (See reverse of sheet for d	etails) pts.
2. Sufficient Volume to Be Profitable to Coopers (See reverse	for details) pts.
(Sections below to be Filled in By Coo	operman)
 Store Policies and Merchandising Methods Conforming to C A. Sells at least 4 nationally advertised furnishings and 	hat lines. (List
in space provided on reverse of sheet.) + 1 pt	
B. Ties in with Jockey promotions. + 1 pt	
D. Uses Jockey Newspaper mats or direct mail. + 1 pt	
E. Uses Jockey "Turnover Tools" (Minimum of 3 diffe	
F. Carries nothing competitive to Jockey at any price.	
G. Price cutting, low-end merchandise, unbranded lines	
H. Unfair cancellations and returns 2 pts	
4. Line Coverage.	
A. Jockey sponsor account (4 models lowers and shirts) + 5 pts pts.
B. Carries 3 lowers (S. M. K. OK, L. Bellin, Jr.) & sl	hirts. + 3 pts pts.
C. Carries only 1 or 2 models of Jockey lowers. + 2 p	oints pts.
5. Necessary Outlet to Maintain Distribution.	
 Only store we can possibly sell Jockeys in town or r Store carries items other than Jockey to get distribute 	neighborhood. Rated "A" ——————————————————————————————————
6. Relative Desirability with Regard to Other Actual or Potent	
A. Most desirable store in vicinity, essential to Cooper	
B. Not absolutely essential, but desirable. Main service	
C. Good store. Maintain service as long as possible. +	1 pt pts.
D. Store below standard. Eliminate if necessary 5	pts pts.
(Total your score by adding up all "plus" points and the The total score will be your rating of the account. In case shipments curtailed, this point scoring system will serve a office. Accounts with lowest scores will be eliminated first— should be given first consideration in allotting merchandise qu	accounts must be eliminated, or s a guide to you and to your and accounts with highest scores
TOTAL PLUS P	OINTS
TOTAL MINUS	POINTS
NET SCORE	
EXPLANATION AND INSTRUC	TIONS
Office will fill in account name and address in space	
down number of Coopers Accounts in Town or Business Dist Men's or Dry Goods) and Number of Years a Jockey Account	rict, Type of Store (Department,
 Credit Standing and Pay Record. Computed by office on A. Good rating (1st. 2nd or 3rd) and good pay 	

- B. Non-rated or 4th class rated but good pay + 1 pt.
- C. Good rating (1st, 2nd or 3rd) and fair pay...... + 1 pt.
- D. Poor rating and/or poor pay..... 3 pts. E. Extra dating or unearned discounts. - 1 pt.
- Sufficient volume to be profitable to Coopers. Computed by office on basis checked below. (If new account, Cooperman estimate 1941 Volume.)
 - A. Over \$1,000 in 1940. + 5 pts.
 - C. \$50 to \$350 in 1940. 3 pts. D. Less than \$50 in 1940. 5 pts.
- 3. Store Policies and Merchandising Methods Conforming to Coopers Program,
 A. List below four (4) nationally advertised furnishings and hat lines carried by

 - B. Uses Jockey Turnover Tools. Account must use minimum of 3 different tools, for example, Strides, Erector and Miniature Dispenser; or De Luxe All-Steel Dispenser, Quality Corner and Strides. Account owning 3 Stride Forms would not quality since he would not use 3 different tools, but only one, Strides.
 - cessary Outlet to Maintain Distribution.

 1. If there is no other store in town, and therefore no other account to whom you could sell Jockeys under any circumstances, the account is rated "A". When you total your score, it would then read "6 A" or "15 A". Whenever the symbol "A" appears in the score, you and the office both know that this is the only Jockey Account available in the community, and that if you close the account, we will be depriving the consumers in that community of an opportunity to buy Jockey Underwear. Accounts rated "A" will therefore receive special consideration under normal circumstances.

 2. In some cases you sell Jockeys to a store, but that store will not carry hosiery or sportswear or other lines. You therefore sell these lines to another store in the town. In cases where you sell hosiery, sportswear, sweaters, woven shorts or union suits to an account, but where the account does not buy Jockeys, rate the account "B" in your total score. This indicates that the store does not carry Jockeys, but is necessary to maintain distribution of other lines in the town.
- 6. Relative desirability with regard to other actual or potential outlets.

 If store is a key account essential to territory distribution plan and line prestige, rate 5 points under "A". If not absolutely essential, but still a good store where service should be maintained, score 3 points under "B". If a third-class store, where service should be maintained if possible, but where consumers would still be able to get Jockeys without store, rate 1 point under "C". If nuisance account, where harm may be done by attempting to provide service in a time of scarcity, subtract 5 points under "D".

Full Information All Along The Line

System Keeps All Interested Informed

There are times when every credit executive must wish he had the foresight of Mr. Sherlock

Holmes. To Dr. Watson's unspoken inquiry about a red-headed caller at Baker Street, Mr. Holme's replied: "Beyond the obvious facts that he has at some time done manual labor, that he takes snuff, that he is a Freemason, that he has been in China, and that he has done a considerable amount of writing lately, I can deduce nothing else." from new accounts are not, however, quite so revealing. The credit executive cannot, therefore, be quite as oracular in his judgments as can the detective of fiction.

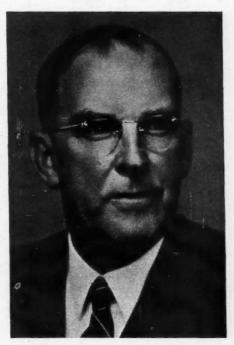
Yet I believe it may be said, without straining the analogy, that credit work resembles actual detective work in one respect. It requires the patient assembling of data, the maintenance of facts in readily available form and the formation of decisions upon the basis of accurate facts. This means system. Even companies who have "no system" will be found to have some method of keeping track of details.

No "One Best System"

I HAVE heard many systems defended as "best" on various occasions. I gravely doubt if there is any one over-all "best" system. It is rather a matter of adaptability to specific needs. In our own department, we handle some 6,000 active accounts who buy 5,000 items from us. Our customers range in size from the corner drug store to the mammoth corporation. Apart from the sale of new merchandise, we do a substantial repair business, some of which is relatively costly. Our system has, therefore, grown up to expedite our work under these special conditions.

When we receive an order from a new account, we make a credit investigation through the usual mercantile agencies. If the customer is known to us and possesses a satisfacBy C. EVAN KING,

Assistant Secretary, General Aniline and Film Corporation, Agfa Ansco Division, Binghamton, New York. National Director, N.A.C.M.



tory rating, we do not waste much time about passing the order for credit. It is a needless routine to investigate the standing of a large corporation which places an order for a nominal amount.

However, the unknown new account is a different story. If the customer's rating is unsatisfactory, we send for a mercantile report. We write the references given to us by the new account and we make frequent use of Credit Interchange to develop a really accurate picture. If there is still some question in our minds about the customer's worth, we request a financial statement. We use the National Association's Financial Statement Forms and have found them very satisfactory since the customer has only to fill in the figures, have an official sign the form and return it to us.

sider to be complete and satisfactory information an account is opened, in the amount we deem warranted by the circumstances for the customer's requirements. After an account is opened, we make extensive use of Interchange Reports and other information to keep in close contact with what is taking place in the customer's business. Limits are automatically revised on the basis of current information, apart from the check we have through our own ledger experience. Even though a customer may be paying us with reasonable promptness, we want to know if, on the whole, he is slipping back in his business or going ahead.

If all factors are such that we believe the credit is unjustified, we accept the account only on a cash or c. o. d. basis.

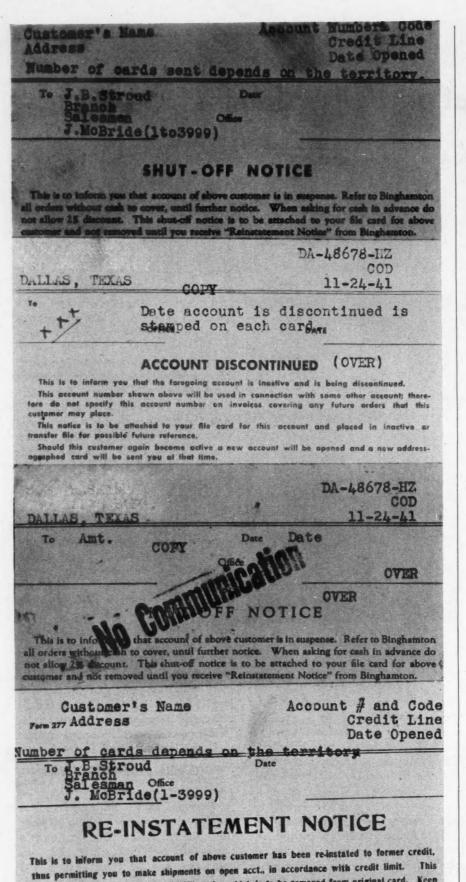
When we accept a new account, our first step is to classify the customer by the type of business in which he is engaged. We then assign him an account number and a discount code which will govern his billing. The account number indicates the customer's line of business. This numerical setup is necessitated by our punched card method of tabulating sales and by the fact that our discount system is largely functional. In all, we have 23 different classifications of accounts. Discount codes are indicated by letters-E, F, G, H and so forth.

Credit Forms We Use

OUR first step, after approving the account for credit, assigning it a number and discount code, is to have this information, plus customer's name, address, credit line, date account was opened, typed on our 41/2 x 8 inch Credit Slip. When the initial order is handled by a Branch they send to Home Office a "Notice of New Account," a 53/8 x 83/8 inch form. Both forms are shown in Fig-

The Credit Slip and Branch Notice When we receive what we con- of New Account are then taken to our

Credit and Financial Management



Mr. King's system contemplates full information for Sales, Order and Branch

notice is to be attached to "Shut Off" notice which is to be removed from original card. Keep

AGFA ANSCO A Division of General Aniline & Film Corporate OVER

"Shut Off" and "Re-instatement" at your office for future reference.

Office Departments on each account.

Addressograph Department and a stencil is made of the account. All information that is included on the Credit Slip is transferred to the stencil. These stencils are then filed numercially by branches in our Addressograph Department.

After the stencil is made, it is imprinted on our Credit Slip and also on a number of 3 x 5 inch white cards and a small visible index card.

The 3 x 5 inch white cards are distributed as follows: one each to the Credit Department's Alphabetical, Geographical and Credit File. Two to our Trade Record file. One each to our Order file, Direct Mail file and Credit Interchange. The branch concerned receives a varying number of cards, depending on the territory. The Sales Department receives one of these cards for their information that a new account has been established. Additional white cards are distributed indicated to various departments.

The small visible index card which is also imprinted with the customer's stencil when the account is opened goes to our Filing Department.

Each Department Informed

THE central purpose of this distribution of cards is to advise every one concerned that the new account has been opened. In this way, each department has full information concerning the account. This eliminates much needless questioning about discounts, credit limits, etc. The credit file contains one 3 x 5 inch white card for each active account. These cards are checked against the accounts receivable ledger at the first of every month and the status of each account is identified by a rubber stamp under one of three classifications. The first of these denotes accounts in a current position, the second, accounts which are slow but not seriously delinquent, the third, accounts which are actually "shut off." As orders are received we find it more accessible and with quicker despatch to check them against this file which allows a very large percentage to be immediately approved for credit. Only a very few need then be checked with our accounts receivable ledgers and referred to the Credit Manager with the respective collection correspondence file.

If an account becomes delinquent and there are no special factors involved, we use collection letters as our first efforts. These are all ac-

BRANCH NO	TICE OF	NEW A	ACCOUNT	
	Branch	Date 11/2	24/41	
Trade Name		Date		
Proprietor's Name				
Address Bldg.				
City & State Dellas Texas				
Nature of Business				
Discount Schedule Quoted DA-A	8678-HZ			
Credit Line	COD			
Remarks:	Acres de la company		and the state of t	
STAMP OF STENCIL IS PLACED IN THIS SPACE ABOVE SPACE FOR "PRINT" FROM Q. HD. STENCIL				
CCOUNT No. DA-48678-HZ TO Name Oprietor	DALLAS, TEX	Signed	DA-48678-HZ COD 11-24-41	
Address ty Dallas State Tex	A THE SECRET SECTION AND SECURITION			
(Dun Business				
ting Credit Line COD			DA-48678-HZ	
Brad_Opened By_JBD	DALLAS,	TWYAS	COD 11-24-41	
emarks	Ditanto,	THICK	DA-48678-HZ	
SPACE DELOW FOR STEHCHL CORRECTIONS	DALLA	S, TEXAS (COPY)	11-24-41	

More of the forms used in Mr. King's system which keep every department informed of the Credit Status of each account.

tually typewritten letters. They are forms only in the sense that any demand for payment tends to be more or less formal. However, the type of letter varies considerably in accordance with the nature of the account. We do not write a large corporation in quite the same way that we write a small optician or a cigar dealer handling some amateur photographic equipment.

come up on a specified date after mailing, allowing sufficient time for the creditor to answer. Customer's records are checked every day.

The last letter in our series is usually sent by registered mail. This effort often brings back a check from the account. In many cases, our collection efforts bring back a partial the account. This card is sent to the remittance.

In acknowledging such payments, customer is located. All collection letters are filed to we thank the customer for his busi-

ness and express the hope that he will become more active and, consequently, more liquid and be able to get on a discount basis.

When it is necessary to clamp down on a delinquent account, a pink shutoff card is made out with the authorization of the executive in charge of branch office in whose territory the

(Continued on page 24)

Cutting Clerical Costs - Part II

Eliminating Needless Work

In the preceding article the advantages of a comprehensive survey were presented. Part of the survey involves a study of layout and its effect upon the flow of work. Moreover, the information accumulated during the course of a survey provides a basis for the elimination of needless work.

There are available several methods of approaching the problem of work simplification. One of these is by means of time and motion study techniques. Motion economy is interested in determining what physical motions are involved in achieving production, and in modifying or eliminating those motions so that they shall be reduced to a minimum. study subsequently determines the amount of time required for each motion, or for each unit of production, so to set standards which can be used as a basis of control, or of wage payment.

Time and motion study is a valuable adjunct in the survey of very large offices, but for the majority of offices it is either too involved, too costly, or too advanced. Some simpler technique is needed-one which can be applied as a result of the experience of the office manager without the necessity of acquiring additional scientific management techniques. This necessity is met by the approach which constitutes the backbone of this second article of the series. It is an approach which not only can be utilized by the office executive, but which can be explained to rank and file employees with subsequent benefits to them in expenditure of energy and to the company in productivity.

S-T-E-M Expenses

A BRIEF analysis of clerical expense will reveal that most of such expense is incurred for:

S-pace T-ime E-nergy M-aterials By EUGENE J. BENGE
Authority on Office Management, Chicago

and the four words have been purposely arranged to facilitate their memorization. The first letter of each word helps form the word STEM and this stem in turn has the following 12 branches:

Space

One dimension (flow of work) Two dimensions (layout) Three dimensions (building fea-

Time

Waiting (as when records lie in a mail basket)

Traveling (between desks or departments)

Production (clerical operations)

Energy

Human (as in adding a column of figures)

Mechanical (as addition by use of a hand operated adding machine)

Electrical (as addition by an electrically activitated adding machine)

Materials

Supplies (as stationery, ribbons, etc.)

Records (used in the business)
Equipment (furniture, machines, etc.)

Let's study each one of the 12 branches in some detail.

Consideration of Space

THE one dimensional aspect of space is, of course, flow of work. This subject, together with the two dimensional aspect (layout), has been discussed in the previous article. Obviously the most effective use of the one dimensional and two dimensional problems of the office will in turn have resulting beneficial repercussions upon office routine.

The three dimensional aspect deserves consideration. It refers to the cubical content of the office housing. It is interested in ceiling heights, in storage space, in adequacy of elevators, in dumb waiters or conveyors and in all other devices designed to use the third dimension of space for the improvement of office efficiency. The five drawer file is an excellent example of the application of this principle to filing space. Some offices have designed desks to meet the actual space needs of clerical operators and when this has been done, it represents another example of the fullest utilization of the third dimension. Desk distributors, tiers of incoming and outgoing mail baskets, use of pigeon holes and special shelving represent similar applications.

Time

IF you were a flea holding a stop watch in your hand and taking a free ride on the records passing through your office, you would probably report as a result of many meticulous observations that papers on the average were in motion about 3% of the time, were being subjected to clerical production about 2% of the time and were motionless about 95% of the time. Break-up of this 95% figure would reveal papers lying on desks, in desk drawers, in mail baskets, in mail rooms—or even in some-one's briefcase. The figure would not in all fairness include papers standing "at ease" in filing cabinets because presumably any such papers have earned their right to rest.

If you wish to look at this matter another way, study the amount of time necessary to fill out a single form, such as a bill or an accounts payable voucher. The time will probably be no more than two or three minutes. Then ask yourself why it is that days expire in getting such a record through the mill. The answer will be found in the waiting and traveling time involved.

Trace the wanderings of some important record in your office from the time it is originated until the close of its cycle either in a filing cabinet or in an outgoing envelope. Don't just take the points at which

clerical productivity occurs, but consider all the intermediate handlings and steps-all the traveling which it undergoes and the many locations where it rests awaiting further traveling or clerical action. Whether or not the resulting percentages are as suggested above, you will probably find a preponderance of time devoted to waiting and traveling.

In the evolution of working methods which have occurred with increasing clerical volume there have been two forces at work. In all likelihood one of these is the force of specialization. It occurred, for example, when the one time bookkeeper and stenographer became so overburdened that she devoted all her time to bookkeeping work and a stenographer was hired full time. Twenty years later this force was still at work when the bookkeeper was known as chief accountant and had under her jurisdiction an accounts receivable ledger clerk, an accounts payable ledger clerk, a general ledger clerk and other accounting assistants. The results of such specialization are to attenuate the whole clerical routine, to spread its performance over a number of specialists and to increase the length of the working cycle.

Force of Parallelism

THE second force at work is the force of parallelism. It occurred when your company appointed an assistant credit manager in charge of northern accounts and an assistant credit manager in charge of southern accounts. Here the same type of work is done by two individuals working in parallel. The mounting volume could have been handled by specialization, but in all likelihood it was handled by parallelism.

The two forces of specialization and parallelism are at work in all expanding or contracting office organizations. Specialization is the one most frequently used because it is so easy for an overburdened clerk to divest himself of some of his simpler duties and to pass them on to an incoming assistant. Parallelism of clerical work is liable to be found in servicing different sales territories or in handling the clerical routine for various subsidiary companies or for var-

ious plants. In general, specialization tends to increase the waiting and traveling

benefit of specialized knowledge or machinery; parallelism tends to decrease waiting and traveling time in order to get the benefit of a clerical knowledge or action which takes into account many aspects of the situation. such as a full knowledge of a territory or of plant operating conditions. Both forces have a part to play and any attempt at simplification should not blindly apply one or the otherrather should it consider the benefits of one against the benefits of the

Energy

THERE are probably three types of energy being applied to the productive tasks of your office. These

1. Human energy (as in adding a column of figures)

2. Mechanical energy (as in addition by use of a hand operated adding machine)

3. Electrical energy (as in addition by an electrically activated adding machine).

We have here another slant on work. Not only are we interested in the space where work is done and in the time required to do it, but we are furthermore vitally concerned with the source of energy utilized. The history of the world reveals that progress has occurred when human energy was converted to mechanical energy, as through the use of levers, the sledge, or the wheel, or the expansion power of steam. More modern centuries have witnessed the conversion of much mechanical energy to electrical energy, or the substitution of electrical for mechanical. These same forces are at work in the office and it should be the task of those undertaking an improvement survey to convert as much human energy to mechanical and as much mechanical to electrical as seems practicable.

Let's take several examples. In a mail order house fifty years ago it was the practice for a mail clerk to carry an order to the order fillerhuman energy. Several decades later pneumatic tubes were installed-substitution of mechanical energy. Within recent years a teletype system has been developed-substitution of electrical energy.

Or take this example in the field of accounting. Fifty years ago the bookkeeper distributed figures over large columnar journals-human energy. Thirty years later bookkeeping machines with arrays of individual counters on them were mechanically accumulating the same information. Today that office may have electrically operated tabulating equip-

Study Energy Tasks

STUDY your office to determine what things are still being done in volume by the utilization of human energy and what mechanical or electrical devices could absorb some or all of the energy tasks. Furthermore, study what is being done by mechanical energy, which might better be done by electrical.

In these hectic days it is difficult to secure additional office equipment. This puts the burden upon more intensive utilization of equipment at hand. Machine hours are becoming increasingly important and if you have valuable office machinery which is idle a large portion of the time, it may well pay you to contrive a way to utilize it more effectively. Particularly is this statement true in the light of shortages of labor which are asserting themselves in the office field, as well as in the field of manufacturing.

Moreover, studies of the nature here described may well lead to conclusions as to equipment which are to be carried out when office equipment once more shall be available. At that critical time it is quite possible economic conditions will be such that retrenchment of personnel expenses will be in order. To undertake a survey under such hectic conditions might prove extremely difficult. To have the survey out of the way in advance and to have definite plans laid as to how economic depression will be met spells good management.

Some economists feel that the post war conditions will be characterized by a high rate of activity and inflationary tendencies. At that time employees will be coming back from service, or changing over from war occupations. If your company is able to absorb its quota and to put such individuals to work effectively, the readjustment period will be minimized, purchasing power will be reestablished and your company will be able to forge ahead more rapidly than if it waits until the readjustment problem is confronted.

The raw material of most offices is paper. It has usually been par-

2

time of records in order to get the

tially converted by a printer, so that it is a blank form. Your office furthers the conversion by making clerical entries upon such forms, or it may use the blank paper directly and by means of typewriter, ditto, mimeograph or other process make this raw material convey valuable information to others

It pays you to know a lot about paper, printing, forms, filing and other steps of this conversion from a blank sheet to a sheet of information. The subject is too detailed to be discussed here, because a full presentation of it deserves several thousand words. There are available devices by which can be determined the practicability of combining two or more forms. There are several effective manifolding devices which can be used. The varied typography of form design can do much to facilitate clerical effort. A knowledge of paper weights and of mill sizes of paper is important. These influences in varying combinations should be brought to bear when considering the design of new forms, or the possible recombination of present ones.

The supplies in an office usually receive undue attention. Periodic campaigns are waged against waste of paper clips or rubber bands. Much executive attention is concentrated on control of pencils. Many an office executive has prided himself on the careful utilization of waste paper as scrap pads. These things are commendable in themselves, but they are minor compared with the larger economies which are available. The same amount of executive attention as is normally given to them, if applied in the direction of eliminating clerical effort, or simplifying record procedures will usually yield much larger profits. This statement, however, does not imply that the savings available through study of office supplies are of no consequence.

Quality Pays Dividends

T MAKES quite a difference whether you purchase carbon paper which is used seven times or seventy (yes, I mean seventy)! So, too, typewriter ribbons have inherent features which deny the thought that "a typewriter ribbon is a typewriter ribbon." There are marked differences among them. Filing folders, index cards, stapling devices, various types of adhesives, inks and several score other office accessories consti-

tute in themselves a worthwhile investment and one which is subject to ready loss.

A still larger investment, of course, is found in the machines, furniture and equipment of the office. The selection of office machinery should be done with great care. Just because the manufacturer of a particular machine is able to develop a clerical system around that machine which seems to fit your needs, it does not necessarily follow that that system and that machine are the best which could be developed for your purpose. It is far better to analyze the basic needs of a clerical routine, to set up along with this desirable resultants even though they may not be absolutely essential, and then to study what labor devices are available which will give the essentials and preferably provide the desirable features as well. When this approach is used it is valuable to study the various machines under consideration and to check off for each machine the features which it offers. At the same time a study of the cost of machines and an estimate of the cost of clerical operation and machine maintenance should be made.

As was true above in the case of a consideration of records, it is not feasible here to compress in a few hundred words any worthwhile counsel as to the purchase and utilization of office equipment. The subject becomes increasingly complex each year -so much so that the salesmen in office equipment and specialists in the field find it difficult to keep up with new developments. Hence, you as a busy office manager have little chance to maintain direct contact with all the changes which are occurring in the office equipment field. True enough you receive some education from each salesman who calls upon you, but his education is bound to stress the value of new features and to minimize or omit entirely some of the negative features. By the time you have listened to three or four salesmen of office equipment extolling the virtues of their respective products, you are probably so confused that you suffer a paralysis of indecision. Such paralysis can readily be broken by the analytic approach suggested above. It starts with your need and not with any particular kind of equipment.

Standardization of office equipment

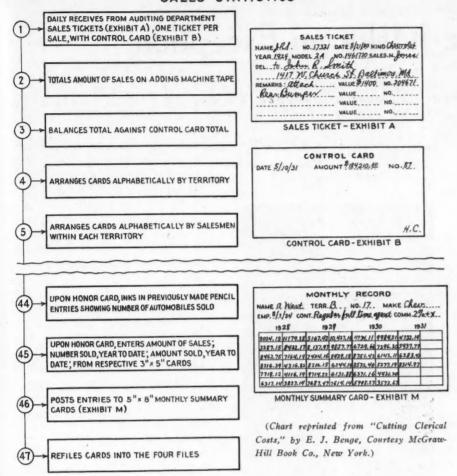
has some value. This is particularly true of filing cabinets, desks, chairs and other items of furniture. It is less true of typewriters and may not even be desirable in conjunction with specialized kinds of bookkeeping and computing machines.

Whereas production managers in shops have long since broken away from the features of appearance or standardization in achieving increased production, office executives have not yet reached this point. You should not hesitate to cut a desk in half, or to pile something on top of it, or to cut a corner off, or to make any other modification in a clerical working surface in order to make it more effective. There is no reason that all desks need look alike. The desk and accessory working surface should be designed to facilitate the work of an individual. Usually it is necessary that the work be slowed up or otherwise modified to fit the conveniences or lack of conveniences available from a standardized desk. Some day a manufacturer of office equipment will analyze clerical work into a number of basic elemental operations or motions; will develop working surfaces, trays, bins, etc., designed to facilitate each operation: will make it possible to combine these in almost any reasonable setup for the performance of a clerical job. Note how effectively this has been done in machine shop practice-how various types of machine tools are available to perform certain operations-how in many instances they can be combined into one machine, to facilitate the work of one operator. However, until the manufacturers of office equipment have caught up with this viewpoint, it is incumbent upon those in charge of office detail to develop the most effective work centers for clerical employees.

Studying Clerical Routines

N undertaking to find space, time, energy or material economies, it is well to imitate the flea mentioned in an earlier part of this article. Follow through a clerical record from beginning to end. Record each step of the way. Collect copies of all records enroute. When you have these data at hand, prepare a chart like the accompanying, which shows nine steps from a record in a sales statistical department. It also shows three records involved in this routine. When you

SALES STATISTICS



In the above chart Mr. Benge points out where records go and how careful study frequently will enable a "cut" in "office production"-that is, a reduction in the number of forms to be distributed. If these forms have a definite purpose of keeping other departments informed-see Mr. King's article on page 7-these extra copies are of great importance.

have made such a chart it will probably be large. It may be necessary even to paste the forms and to write the steps on a roll of common wrapping paper, so that it can be mounted on the wall of a conference room. In this way you can see all the forms involved in a cycle, to study them for duplications and possible eliminations or combinations. With a red pencil you can mark each step with a "W" or "T" or "P" standing for "waiting," "traveling," or "production" time. With a blue pencil you can mark each step with a "H" "M" or "E" standing for "human," "mechanical" or "electrical" energy. You can supplement this chart with a layout chart such as is provided in the first article of this series. There, two charts were shown — one before study and the other after study. The second reveals how much simpler a clerical routine can be made if concentrated effort is given.

"The People on Your Staff"

In the June issue Mr. Benge will discuss the selection, training, motivation and supervision of office employees.

If you prepare a large wall chart, such as here described, and make notations upon it as to the kinds of time and kinds of energy being utilized, you will almost certainly begin to see possibilities for eliminations or simplifications. If several departments are involved, bring together the chief clerks or capable employees from those departments and ask them to work with you in getting a simpler resultant. In our work with such charts we use four letters to designate the tentative disposition of each step. These four letters and the words for which they stand are:

> E-liminate R-evise A-dd something S-let it stand

Reduces Clerical Time

A FTER decisions have been made as to the various steps involved and as to form simplification, and when correlative studies have been made as to the layout and flow of work, the proposed routine can be set up on a second chart. Normally it will be about 40% as long as the first chart and will exhibit a corresponding reduction in clerical time involved. It can be used to forestall criticism by allowing all the potential critics to have a part in it before the new routine is put into effect. It can furthermore be used as an educational device to instruct employees as to the functioning of the new routine.

There are available other methods of studying clerical routines. One of these is known as the distance-time analysis useful where the preliminary survey suggests that clerical routines are taking undue time or are spread over great distances. Another is the flow of records chart, where the survey suggests that there are too many copies of certain records flying around with too little thought as to whether all copies are necessary. However, the wall chart suggested above and illustrated with this article constitutes a helpful start in the problem of eliminating many of the factors which tend to increase costs of office production. So far we have made no particular mention of the employees involved and the third article of this series will be devoted almost exclusively to the discussion of the selection, training, motivation and supervision of office employees.

"Please Make an Exception"

Seven Varieties of Cash Discount Appeals Out of the Usual Grist

The subject of terms is one that is a sore finger to most every Credit Department—not so much the net terms, however, as the cash discount allowed.

This subject of cash discount abuses can be handled successfully but, first, to do so, your Company must have a definite policy and stick to it. Sure, there is never a week goes by that some good dealer from among our thousands of accounts throughout the United States writes in and wants us to change our sales terms of 1-10, or net 30 from date of invoice. They have more reasons for the change than a porcupine has quills, but these reasons are all beside the point.

True, there are occasions when one letter from us doesn't convince the dealer we mean business. Should a dealer go so far as to tell us that, unless we change our terms to suit him, he will quit handling our product, then there is only one thing we can do, and which we do, and that is cancel his franchise. However, we haven't lost a half dozen dealers for that reason in 25 years.

Seven Typical Cases

I T may be interesting to you to elaborate a little on seven cases, showing what the good dealer said to us and our reply:

One dealer wrote in, asking permission to pay twice a month and take discount. We are now quoting his letter:

"We are writing to you in regard to the invoices which we are receiving from you. We notice that the terms on your invoices are 1% 10 days.

"We have been paying a good many houses from which we receive a considerable amount of our goods on two days each month. Invoices dated from the 3rd to the 17th are paid on the 10th of the following month. Invoices dated from the 18th to the 2nd are paid on the 25th of the month.

By JOHN D. CATHON

Credit Manager of the Hoover Company,

North Canton, Ohio



"This is a considerable help for us in our office and eliminates quite a few check charges which we are obliged to pay when we consolidate our payments. It also makes our office work much simpler.

"We would like to have your permission to pay you twice a month.

"Please advise us by return mail if you will cooperate with us on this basis."

As it was impossible for us to grant the above request, we wrote him as follows:

"Your letter of the 23rd, addressed to the Credit Department, suggesting a change in our sales terms to you, whereby you could remit twice a month and still take the 1% cash discount, has been referred to the writer for a reply.

"Your request is only one of a great variety of requests received throughout the year, suggesting some form of change in our terms setup. If we were to grant such requests, our terms would mean

nothing; in fact, it would create a chaotic condition and the firm asking for the greatest concession would have the advantage.

"It has therefore been the policy of our Company over a long period of years, to enforce our terms of 1-10, net 30 from date of invoice, because we cannot make a change for this one, and that one, and be fair to our thousands of other dealers. You would really be surprised at some of the requests we receive. We are sure that, if you were in our place, your decision would be exactly the same as ours.

"We are glad that you wrote us as it has given us an opportunity to explain our position; and we know that you can set up in your Accounts Payable Department to get checks to us in time to allow you the 1% on the basis of 1-10, or net 30 from date of invoice."

Wanted to Pay E. O. M.

A NOTHER dealer wanted to pay E. O. M., and take discount. Here is his letter:

"I am enclosing our check for your invoice #64315 of November 4th, and I deeply regret our delay in getting this to you at this date; however, I assure you it is purely the fault of the writer and not of the office.

"If there would be any possible way that you would be able to give us an E. O. M. dating in order that we may take advantage of our cash discount I would be greatly appreciative. At times I find it very difficult to have payment on invoices within ten days.

"Thank you very kindly for your cooperation, and I will appreciate hearing from you in the near future."

They were twice wrong in this remittance because they were away late in sending their check and they were asking for a special discounting arrangement of E. O. M., and we replied to their letter as follows:

"We are acknowledging receipt

of your November 26th letter and your check #5908 of same date, amount \$280.44, in payment of our November 4th invoice #64315 in the amount of \$283.27.

"You are correct when you say that your remittance is away late to enjoy the discount, and we are sorry we cannot allow the deduction

"Our established terms are 1-10, net 30 from date of invoice, and you will have to arrange with your Accounts Payable Department to watch Hoover invoices and have such a follow-up as may be required to see they are paid within the ten day period. It is impossible to make any exceptions to our terms and grant you E. O. M. as suggested.

"If we were making any exception for anybody, we would do it for you, but it would be impossible to make any exceptions, no matter who might make the request."

This Dealer Declared Own Terms

THIS good dealer wrote us as follows, stating that their terms were 2% 10 days E. O. M.:

"Enclosed please find your invoice number 51731.

"Our terms with you are 2% 10 days E. O. M. Since we paid invoice #37128 dated 7/3/41 on the 10th of August, we feel we have earned the 2% discount."

This is a case of where we could not permit this dealer to make The Hoover Company terms to suit him, so we replied as follows:

"We have your letter of the 18th referring to our invoice #51731, charging you back for discount deducted out of order in the amount of \$2.51.

"You state that your terms with us are 2% 10 E. O. M. There were no terms whatsoever shown on your order of June 18th, and we, the manufacturer, set the terms, and our terms are 1-10, net 30 from date of invoice, or we could not have shipped the order.

"We must therefore ask you to remit to us the discount taken in error."

10th of Month Paper

THIS dealer wanted to discount on the 10th of the month, and wrote us as follows:

"We received an invoice from you stating that we did not earn

Are Conventions Worthwhile in 1942? Yes, Says The Department of Commerce!

During the spring and summer months an attendance of 220,000 persons is expected at 180 national conventions of which the Department of Commerce has record.

Current conventions of national trade associations are proving to be most helpful in providing facilities for the best answers to such important questions as: What are the real Federal Government plans concerning our industry in the war program. Will a sudden curtailment or conversion order hit us? How about possible price ceilings on our products?

Only larger firms can send their chief officials to Washington on periodic trips in the hope of finding answers to such fundamental queries; however, such visits to the Nation's Capital are frequently unproductive.

On the other hand, conventions often bring desired results because government agencies realize that they provide invaluable opportunities for frank and full discussion of business-government problems. At these gatherings, hundreds of large and small firms are usually represented.—From "Domestic Commerce" April 1942.

the discount we took in our check of August 10th. We have always discounted all our bills on the 10th of each month. If you will look back on our former invoices, you will notice that all our bills were paid on the 10th of each month." Our reply brought a check to cover

the discount taken out of order (\$3.22), and here is our letter:

"We have your August 23rd letter, relative to our invoice of Au-

gust 15th, charging you back for \$3.22 discount unearned.

"You state you took this 1% discount in your check of August 10th and that you have always discounted Hoover invoices on the 10th of the month. Here is where you are wrong; if you will refer to your ledgers, you will find that our July 17th invoice was the first that you discounted.

"In ordering out this shipment, you used our regular Hoover printed form, which shows terms of 1-10, net 30, and that is how we shipped; we could not recognize terms of 10th E. O. M.

"We are sorry, but we will have to ask you to pay the charge of \$3.22."

Appealed Through District Office

THIS good dealer was trying to be quite liberal, and he asked our District Manager to write us and see if it would be all right to pay twice a month or once a month and still take the 1% cash discount. We replied to our District Manager in de-

tail, asking him to call on this dealer and explain fully the reason we could not grant the dealer's request. Here is our letter to our District Manager:

"We are replying to your June 24th letter, in connection with the above dealer and his desire to pay Hoover invoices once or twice a month and still get the 1% cash discount.

"I am disappointed that this question did not come up while you were at the Factory, so we could have discussed it with you person-

ally.

"You appreciate, of course, Mr. White, that we have thousands of accounts throughout the United States, and they are all signed on Hoover contracts. You are also familiar with the fact that Hoover terms are 1% cash discount in 10 days or net 30 from date of invoice. The fact that those are the terms in the contract means that those are the terms that must be respected.

"If a dealer could discount in any old manner, shape, or form that he pleased, there would be no necessity of having a contract.

"Most every dealer has some pet way he would like to use, and, if we granted these requests, The Hoover Company would have no such a thing as standard terms, and the dealer making the biggest request would have the biggest advantage. After a while, if they got away with this, they would be wanting to establish the wholesale price of our cleaner, and then where would we be?

"We realized years and years ago that, if you are going to keep peace in the Hoover family of dealers, you've got to treat them all alike and in accordance with the contract. It therefore follows that we cannot grant permission to any dealer to discount other than 1% 10 days from date of invoice.

"Now, we grant you that there are all kinds of terms in existence; different types of business justify

certain types of terms.

"Please explain to Mr. Blank that we cannot grant his request for a change in discount arrangement but that, if we were making any exceptions, it would have been a pleasure to have done so for him; but we are obliged at all times to adhere to our contract terms and therefore be fair and square with every dealer on our books.

"We have not written direct to Mr. Blank because your letter did not request it. We interpreted your letter to mean we should write you and you would see him; so please see Mr. Merrell at the earliest possible moment, so he can set up with his Accounts Payable Department to discount our invoices in 10 days from date of same and thereby enjoy this increased profit."

Three Payments a Month

THIS good dealer suggested three payments a month in his letter, which we now quote:

"We have your invoice #50513 dated April 23rd billing us for \$14.14, representing a reduction that you had not intended to allow.

"We were not pleased to receive this billing inasmuch as we are continually and at regular intervals forwarding checks in payment of our bills in considerable amounts. Our standard practice with our vendors is to pay their bills every ten days on the 10th, 20th, and 30th and while we do not think, after careful consideration, that you will care to leave this present charge against us open, we should be very glad to set your bills up for payment at less than ten day intervals in accordance with our regular pay period if your firm finds it necessary to be that exacting. As we have said, all other ten day bills are treated to the satisfaction of all of our other vendors, including suppliers of our major appliances, as follows:

"Bills dated from the 1st to the 10th-payable on the 20th; 10th to the 20th—payable on the 30th; 20th to the 30th-payable on the 10th.

"You can appreciate that in an organization of our size all of these matters have to be treated on as simple a basis as possible, and even though we are able to satisfy. our other sources of supply in this way, we should like to be informed if for any reason this arrangement does not prove satisfactory to your own organization."

We answered his letter as follows, and they are discounting in accordance with our 1% 10 days from date

of invoice:

"This will acknowledge your letter of April 26th on the subject of discount.

"We thank you for having written us in detail as you did, as we can better understand your problem, and it is with keen regret that we are obliged to write this letter and say that we cannot change our terms of 1-10, net 30 from date of invoice.

"There is never a week goes by but what some good dealer friend somewhere writes in and asks us to allow him some special discount arrangement and, if we were to grant these requests, our terms would soon be in a chaotic state and the firm making the biggest request would have the advantage.

"We have always borne the reputation of making every effort to treat our dealers fair and square and follow a definite plan and, for over a quarter of a century, we have been sticking to our terms of 1-10, net 30. We assure you that, if any changes were being made for anyone, it would be a pleasure to do it for you folks, but we just cannot start making exceptions.

"If you prefer to pay net in 30 days from invoice, it is perfectly all right with us."

10th Prox. Discounts

OU will note by the following letter, this dealer wanted terms of 10th prox.:

"We have your invoice of 3/13/41 charging back the cash discount which we took when we made our remittance of 3/10/41.

Our terms on our orders read 10th Prox., so we feel that we are justified in taking this discount.

"We also ask that we be allowed on all future billings from you to take the discount on the month following date of purchase."

Our letter in reply straightened everything out satisfactorily, and here

"We are acknowledging your April 8th letter, and regret indeed that there is any misunderstanding on the subject of cash discount.

"You have been an established Hoover dealer for a number of years and are familiar with our terms of 1-10, net 30 from date of invoice, as covered by our contract with you for the sale of our regular product.

"The invoice under discussion, covered by your remittance of March 10th, was for Hoover Specials, but the same Hoover Company terms of 1-10, net 30 from date of invoice cover Hoover Specials as our regular product.

"True, your printed order form did show terms of 2% 10 prox., but the buyer does not establish Hoover Company terms; the seller, or manufacturer, always establishes his own terms and price.

"Please make such notations on your record as will enable you to change your terms to 1-10, net 30 from date of invoice when sending orders to our Brookline Office for

execution.

"It would be absolutely impossible to recognize terms of 2% 10 prox., as we cannot do more for you than we would any other Hoover dealer, and, if it were possible to make an exception, it would be a pleasure to do so for your Company, but we must treat all dealers alike, as we cannot afford to have any clash with the Robinson-Patman Act.

"As stated earlier in this letter, we are very sorry this misunderstanding occurred, and feel sure you will share our point of view and that you will respect our terms of 1-10, net 30."

The dealer cannot very well be blamed for asking for something if he thinks he can get it. It does not necessarily follow, however, that his request should be granted.

While we have to write many letters on the subject of cash discount, it is really not a problem, because we simply can make no exceptions for any special discount arrangements that may be suggested.

Production for Peace

Zwentieth Century Jund Studies After War Business

What's going to happen to Ameri- By THOMAS R. CARSKADON can business after the war is over?

A striking answer is being put forward by Stuart Chase in a special report to The Twentieth Century Fund. The noted author and economist says we are headed for a changed economic system in which full production and full employment will be the rule.

Chase sees plenty of room for private enterprise. He thinks, however, that it will have to be supplemented by a huge program of public works to take up the slack in private employment. He predicts, also, certain government controls at key points in the financial system.

These predictions are made by Chase on the basis of his examination of long-term trends in American life that have been developing since 1914. He calls his report The Road We Are Traveling: 1914-1942, and it was published in book form on April 13th. The Trustees of The Twentieth Century Fund, an endowed institute for research in economic problems, commissioned Chase to set forth his ideas on what the chief social and economic problems of the postwar era are likely to be. He was also asked to suggest some possible solutions, and was left entirely free to reach his own conclusions.

No More Poverty Amid Plenty

N a striking prelude to his predictions, Stuart Chase says: "If you hold your ear close to the ground, you can hear a muffled roar echoing around the whole world. It is the voice of the people demanding security and an end to the paradox of poverty in the midst of plenty . . . This profound and revolutionary urge for security, work and hope, affects all classes in the community, especially the middle income groups.

This world-wide force is being felt right here in the United States. For this country, the prediction is that it will result in "modified system of free enterprise, sustained at key points by

Chief, Education Department, The Twentieth Century Fund; Lecturer in Marketing, New York University

government controls. Full employment will be insured by a system of public works in housing, conservation, power development, transport Every effort should be facilities. made to develop new products for the consumer industries.'

This whole point of view places constant emphasis on the need for keeping America's productive machine operating at full capacity. Full production and full employment is a job on which private industry, the government and the citizens as a whole must work together. By 1944 our national income probably will reach \$105 billion. After the war is over, we may well ask: "Can we let it drop to to or 70 billions because we cannot afford to be prosperous anymore? The American people will never stand for this."

Basic Causes of Monopolies

N recent years a number of factors have tended to restrict production under free market conditions. Among them are the slowing-down of population increase, the closing of the frontier in the United States and the decline of investment opportunities. Stuart Chase has some interesting comment on this point. He says: "People usually associate the monopoly movement with a selfish desire to increase profits. May it not have been impelled even more by a desire to avoid losses? Certainly the mergers and combinations were not formed by wicked men determined to destroy the free market. They were mostly formed by men who had a faith almost religious in the free market ideology. Circumstances over which they had little or no control led them into amalgamation, large-scale operations and administered prices."

This natural decline of the free market, many people believe, has made it imperative that government should step in and underwrite a program of full production. In this way our factories, mines and farms can be kept running at full blast, and there will be genuine opportunities for business expansion and increased productivity when the war is over.

Challenge Is a Social One

IN discussing the fundamentals of the emerging economic system, Chase sounds a note of hope both for winning the war and winning the peace which is to follow. "The challenge to democracies is not so much a military one, in the long run, as it is a social one. Can the democracies provide the goods which the people demand in this revolutionary age, and continue to be democracies?

"The United States has everything it takes to meet the challenge, except recognizing that there is one. It has the resources, the man power, the science and technical skills, to give the people all they demand, without surrendering the ballot or the Bill of Rights."

Figures are cited to support his thesis: "During the stagnation of the 1930's, it has been conservatively estimated that 100 million man-years of labor in this country were wasted through unemployment, and the National Resources Planning Board calculates that, as a result, two hundred billion dollars' worth of potential goods and services were lost."

Where Is Money to be Obtained

THIS is exactly the kind of social waste which the new economic system will not tolerate. On the question of how the five-point program of the future is to be financed, Chase says: "Where's the money coming from? Out of that one hundred million man-years of work wasted; out of that two hundred billion dollars of production which never was produced. It will come from the same place that the bombers, tanks and battleships are now coming from-out of the full employment of the people." (Cont'd. on page 26)

Education - for Adults!

Epitomized in three words, that's the forthcoming NACM Summer Institute of Credit Management

by MARIE G. KROGER, Credit Manager, The Du Bois Co., Cincinnati, O.

Notice, please, that I do not say "adult education". Education is a continuous lifelong process; it is not something partitioned off into tidy little, chronological compartments. Education for a forty year old credit executive is basically and qualitatively the same thing that education is for a four year old or a fourteen year old child, although of course it may differ some in quantity and content.

And the thing that really matters is the fact of education itself, the desire to learn, the mental flexibility that goes with this desire, the willingness to acknowledge error as a learner must.

The actual facts accumulated and carefully written down are only the second fruits of education, and can easily be such sour and seedy ones as to obscure the whole aim of the learning endeavour.

"Nothing in education," said Henry Adams, "is so astonishing as the amount of ignorance it accumulates in the form of inert facts." I think that everyone with more than a



grammar school education must recognize the truth of this.

But this brief article is meant to discuss education for adults, and particularly for those adults who practice credit science. Exactly why should such adults continue to study? Why should they read? Why should they meet for discussions? Why should they attend summer seminars?

Well, in the first place, it seems to me, because this educational activity serves as a spiritual and mental counterweight for their actual jobs. Remember that human beings are decidedly gregarious; that you and I work with, for and among people.

Then recollect that too many credit men rush in to work three minutes ahead of the boss each morning, and then disappear into the confines of the credit office, away from much contact with other people except in their own department, completely divorced from any actual personal relations with outsiders.

Then ask yourself how in the world the credit man can hope successfully to discharge a task, the very essence of which is understanding people. The sales manager, even if of the desk variety, gets out in the field frequently, meets people, keeps human. The technical men do the same. So do the operating executives, and in these days, even the purchasing staff—the latter seeking someone who will accept their orders for this material or that!

The credit man alone, by the circumstances of his job, too often has little chance to get away from the daily routine. Day after day in an apparently limitless series he reads the same promises of payment, analyzes the same financial statements, compiles the same reports, until he tends to become a possibly efficient but thoroughly disliked piece of office mechanism.

When that point is reached, he has passed the zenith. Down he will slide, at an accelerating pace, until finally he does get out to see people—looking for another job to take the place of the one he has just lost.

Education, for adults, is the answer.

And remember that it is the very process of education that matters far more than the final store of information acquired. It is like one who swims for exercise; the measure of value is the amount of physical energy expended, not the number of aquatic miles traversed.

Prepare Zoday for Post-War Opportunities!

SUMMER INSTITUTE OF CREDIT MANAGEMENT

Sponsored by the National Association of Credit Men, in cooperation with Babson Institute of Business Administration, on the Campus at Babson Park, Mass.

JULY 26 - AUGUST 8, 1942

For Details as to Courses, Costs, Living Arrangements . . . write at once to Director, Summer Institute of Credit Management, One Park Avenue, New York

■ The idea of adult education is spreading. The pioneer work of the National Association of Credit Men in connection with the Summer Institute of Credit Management is being emulated.

Witness, a recent announcement of the Summer Institute of Industrial Accounting which will be conducted by the National Association of Cost Accountants on the same Babson campus this summer, during the latter part of August, following the close of the N. A. C. M's Summer Institute sessions, July 26-Aug. 8.

An obvious corollary of this is the proposition that education for adults need not be narrowly confined to a given field of interest. Why, for example, should a credit man limit his study to matter immediately and directly having to do with credit? In my opinion, the answer is that he shouldn't.

If he likes to listen to and try to analyze Wagner, why shouldn't he? If he prefers to see the painful tragedy of a great poet and a weak man through Hervey Allen's Israfel, why shouldn't he? If the war moves him to a study of American history, why not? If Lent impels him to read the actual lives of a St. Francis or a St. Martin, what's wrong with that?

Of course, if he decides by preference to memorize every word of the most complete book on credit science yet written, that's perfectly all right too, but I feel very strongly that the man of enough mental receptiveness to be interested in something outside his own backyard is not only a more vital and interesting person but, for that very reason, is a better credit

If you will excuse a personal reference, I may say that I have felt this whole belief most strongly at the Summer Institute of Credit Management at the Babson Institute.

I have enjoyed every class I have taken, and I have come back with notebooks fairly bursting with notes and lecture outlines, all of which have been of inestimable direct, practical value to me. But even more have I come back with mind and heart bursting with the thrill of new personalities met and partially grasped; of new friends who have seemed suddenly like friends of a lifetime; of the very New England atmosphere of the place.

Certainly I have been a more capable credit manager because of this. And when I say that, I am appraising myself objectively. Any credit man worth the name is so thoroughly indoctrinated with the critical point of view, bias excluded, that he is well able to know when he is doing a good job, when he is doing a poor one, and when he is merely coasting. The best proof of the firmness in which I believe all this is that I'm looking forward to attending this year's Institute again!

When July 26th arrives, the writer of this brief article will also arrive at Wellesley Hills.

To me, in other words, the thing which is often called adult education is a whole way of living. Without it I can conceive no present joy, no future brightness in life. Shortly before I was one year old (this I have by hearsay) I learned to walk. I have done, as you have, a great deal of learning since, and much of what I have learned I have very quickly allowed myself to forget, but the value of having learned remains with me. I am studying today; I shall be studying when I am seventy and when I am eighty-unless by that time the real credit men of the world dress in animal hides and swing stone

A very old and a very wise bishop recently said: "The older I grow, the more certain I become of two things, my own ignorance and God's wisdom-but I am determined to go on inquiring and studying and learning until my last minute, because I know that it keeps me moving little by little closer to a faint, glimmering perception of the mind of God, which is the soul of all education."

Whether your gaze is as pure and moral as this or not, you can at the very least decide that you will keep your mind alive, that you will exercise it on something more than statements of net worth, that you will keep ever uppermost in your mind that fact that you are a human being with all of the duties and perquisites of such-and not merely a piece of office equipment that doesn't require an electric cord.

"Man does not live by bread alone. . . ."

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by the

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The next few years will see a whole new group of executives controlling business. Your chance to be one of them was never better—the requirements were never more clearly outlined.

Yesterday's viewpoint means oblivion for thousands of executivestoday you must have an up-to-theminute mastery of certain underlying credit and business principles, and you must know how to apply them to the problems of tomorrow.

To help business men meet today's ever-increasing demands for a broader grasp of basic credit and business fundamentals, the National Institute of Credit has prepared a home-study training course covering Credits and Collections.

This course, designed to give you the greatest amount of credit training in the shortest possible time, is ideally suited to the limited spare hours of the busy business man. Consisting of lesson leaflets based on a recognized authoritative text, printed lectures by credit authorities, and typical credit problems selected from actual situations—the course assignments can be scheduled to suit your own convenience.

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THE NATIONAL INSTITUTE OF CREDIT

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Please send me full information about your course in Credits and Collections.

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Business Interruption Insurance

How it Protects War-time Manufacturing

According to information given us, 83% of the Credit Men are buyers of their own companies' insurance, so this discussion will deal with the protection afforded by Business Interruption Insurance to the assured himself as well as its importance to the man extending credit. In a short discussion it is, of course, impossible to cover all the ground but we shall try to hit the high spots.

Manufacturers and merchants are more interested in Business Interruption Insurance today than ever before. The reasons are quite obvious, but we might mention two or

three of them:

 Earnings have greatly increased; consequently there is much more to be lost by a shutdown.

Relatively small physical damage can result in very high earnings loss because of the extreme difficulty encountered in replacing destroyed property.

 The increased danger of losing one's organization at this time unless prepared to continue the important employees on the payroll during the period of restoration.

What Is Business Interruption Insurance?

AS you know, the primary purpose of this coverage (which was formerly identified as Use and Occupancy Insurance) is the protection of prospective earnings. It can be defined in one sentence:

"Business Interruption Insurance indemnifies the policyholder for the actual loss of earnings during the time necessary to restore the plant or place of business to operative condition in the event of damage or destruction by fire or other hazard insured against."

The measure of this loss to the assured is the reduction in the amount of gross earnings that would have been made, less the charges and ex-

By CHESTER SNOW,

Secretary, The Phoenix-Connecticut Group of Insurance Companies, Hartford, Conn.



penses which do not necessarily continue during the period of restoration. Stated differently, it is the net profits prevented from being earned, plus such charges and expenses as must necessarily continue, to the extent that they would have been earned during the time required to restore the damaged or destroyed property.

Need for This Coverage

BUSINESS Interruption Insurance, properly written, will do as much for an assured during the period of restoration as his business would have done for him during that period of time had there been no interruption by fire.

When so protected a concern is able to continue paying dividends, retain the services of valuable employees (thereby keeping its organization intact), safeguard its surplus funds, make a satisfactory statement at the end of the year, and maintain its credit standing.

Businessmen cannot afford to take a chance on creating sufficient reserve to replace Business Interruption Insurance, which has proved to be the lifesaver of business in many instances.

If a concern feels that it is neces-

sary to protect its capital investment in buildings, machinery, equipment and stock by means of Property Damage Insurance, it certainly should protect the earnings derived from the use of such property. Earning values are just as important as property values. It is not uncommon in these times to find that the amount of Business Interruption Insurance needed is much greater than the Property Damage Insurance required.

Imprudent to Take Chances

To leave earnings unprotected is just as imprudent as failing to insure a substantial part of the property values.

Most business enterprises are set up for the purpose of gain, so it can be said that Business Interruption Insurance protects the very purpose of the business. However, there is also a broader aspect to be considered. Industry is becoming more socialminded, and in addition to operating for profit, also feels a moral obligation to those whom it employs and to the town in which it is located. The occurrence of a serious fire might force the company to dissolve, thus making it necessary for employees to find work elsewhere or become a relief burden on the town, which suffers still further by being deprived of

Not the least of the many reasons for purchasing Business Interruption Insurance is peace of mind. It seems very likely that this war is going to be a long hard struggle and no one can foresee what may happen to his business if a fire damages his plant today or a few months hence, but he can at least protect the earnings that would have been made during the period of restoration.

Credit Safeguarded

SEVERAL years ago R. G. Dun & Company investigated the credit history of one hundred manufacturers and merchants from five years before each had a fire to several years after. The cases ranged from a two-

billion-dollar manufacturer to a crossroads store. This investigation disclosed that:

26% were unaffected as to credit rating but lost in other ways;

14% suffered a reduction of 30 to 662/3% in their credit ratings;

17% furnished financial statements before the fire but not after-

43% did not resume business.

This high business mortality was doubtless largely due to failure of these concerns to protect themselves with Business Interruption Insurance. Credit is extended on confidence in future or continued earnings. Why not see that such earnings are protected against interruption?

Frequently we find that reserves intended for depreciation or obsolescence are used as working capital and are not there when the loss occurs. The result is that the recovery under property damage policies not being sufficient to cover replacement with new construction, the assured is forced to borrow funds to rebuild his plant. In addition to this he must have sufficient funds to continue paying charges and expenses which cannot be stopped. In the event of a shutdown of only a few days, practically nothing but direct costs stop.

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General Features of Forms

HAVE been asked to comment on the changes in rules and forms adopted throughout the East within the past six months. There was considerable publicity but insufficient explanation.

There are now only five standard forms available in Eastern States:

The Straight Weekly Form-one for manufacturing risks and one for non-manufacturing risks. The Total Suspension Clause in this contract divides the policy into fifty equal parts.

The Contribution Form-one for manufacturing risks and one for nonmanufacturing risks. It is a two-item contract, Item I covering net profits and continuing charges and expenses, Item II covering ordinary payroll for ninety days or longer as may be required. Item I coverage is always carried but Item II is optional. The form contains an 80% Coinsurance Clause. This contract automatically follows the earnings curve of the business and is strongly recommended for the vast majority of manufacturing risks.

The Gross Earning Form-available only for mercantile and other non-manufacturing risks. A oneitem contract which includes automatically such ordinary payroll as the assured find necessary to continue during period of restoration. The measure of recovery is the gross earnings prevented (by fire) less the charges and expenses which do not necessarily continue. 50%, 60%, 70% or 80% Coinsurance may be carried and the yardstick against which coinsurance is applied is the full annual gross earnings. An excellent form for all mercantile risks.

Basic Features of Coverage

ALTHOUGH the Business Interruption Forms in New England were revised last October, certain general features remain unchanged and we shall discuss these first.

All of the forms limit recovery to the actual loss sustained during the period of restoration and do not cover the possible loss of market or diminution in business following the restoration of the property.

Without exception the Business Interruption contracts cover extra expense incurred to reduce loss, but not exceeding the amount by which the loss is thereby reduced. Companies would doubtless pay for any expense that reduces their loss even if the clause were not in the form.

All of the forms cover the loss sustained for a period of two weeks when access to the premises is prohibited by order of civil authority as a direct result of fire in the vicinity of the premises.

The Business Interruption forms for mercantile and non-manufacturing risks include thirty days' additional time for replacement of stock without charge. This thirty-day limitation may be removed for which an increase of 25% in rate is charged.

The forms for manufacturing risks give thirty days' additional time for replacement of stock-in-process without increase in rate. If it is necessary to have more than thirty days' coverage on stock-in-process the time can be extended by endorsement to any period desired by the assured for a proportionate increase in rate. Such extended time is necessary for a good many risks where considerable aging of stock must take place before it can be turned into finished stock.

A MAJOR change is the introduction of a twelve months' limit of liability in all of the new forms, and

this applies to partial suspension as well as total suspension of business. By means of a standard endorsement this limit may be extended by three months or by multiples of three months as may be required. Any increase in time calls for a corresponding increase in amount of insurance which is charged for at the regular rate. Thus we obtain a proper increase in premium for those risks where the time to restore buildings, machinery and equipment will be in excess of twelve months. Under the old set-up a partial suspension could exhaust the policy if it continued long

Another very important change is to be found in the treatment of raw stock in the manufacturing forms. The coverage pertaining to raw stock replacement has been removed from the first paragraph of the form and is now taken care of under a Raw Stock Clause which encompasses not only raw stock in buildings but also raw stock in the open on the premises described.

Raw Stock Clause

THE Raw Stock Clause limits the additional time for replacement to thirty consecutive days, but in no event exceeding the time for which the damaged or destroyed raw stock would have made operations possible. Extension of this limit of time beyond thirty days may be secured by attachment of a standard form of endorsement for an increase in rate in direct proportion to the time in excess of thirty days.

Thus we secure additional premium for the unusual risk where large quantities of raw stock difficult to replace have been accumulated, the destruction of which could shut the plant down for a long period of time. There seems to have been considerable misunderstanding regarding the application of this clause under actual conditions, so we shall endeavor to illustrate just how it works.

Suppose, for example, a manufacturer has on hand a supply of raw stock which will enable him to operate for a period of six months and it cannot be replaced in less than six months. Assume that a fire occurs destroying the raw stock and damaging the buildings, machinery and equipment to such an extent that they cannot be restored in less than four months. What length of time would we be liable for under the new form?

The answer is five months. This is arrived at by applying the thirty-day limitation in the Raw Stock Clause.

Period of Liability

A NALYZING it further, we are liable under the first paragraph of the form for the four months' time required to restore the buildings, machinery and equipment, plus an additional time not exceeding thirty days that the raw stock would have made operations possible, thus producing an aggregate of five months' liability. The assured is short thirty days' protection under this set-up.

To carry the illustration still further, assume that the raw stock is out in the yard and that it is destroyed without any damage to the buildings, machinery and equipment. The maximum period of time for which the insurance company could be held liable under the form would be thirty days, this being brought about by the limitation in the Raw Stock Clause.

It will be seen from the foregoing that for such an assured as we have visualized where a six months' supply of raw stock, not replaceable in less than that period of time, is located in the yards or in a detached warehouse and could be destroyed without damaging the processing units of the plant, the assured would need a five months' extension of raw stock replacement coverage, giving him six months' over-all time.

The new forms should be more attractive to the insurance carriers than the old ones were and it is our belief that many companies reluctant to write insurance under the older contracts will consider such business acceptable under the new Business Interruption Insurance forms.

Determining the Amount Required

AT this point it might be well to mention that in mercantile risks the earning is made when the goods are sold and delivered, whereas in manufacturing risks the earning is made at the time the product is manufactured even though it may be some time before it is sold.

In determining the amount of insurance needed, the best procedure is to first ascertain the amount of gross earnings by deducting from annual net sale value of production the cost of all materials entering into the product if we are dealing with a manufacturing risk, or by deducting from an-

nual net sales the cost of merchandise sold if we are dealing with a mercantile risk.

All of the figures should be based on the anticipated amounts for the coming year; the past fiscal year's figures are used only as a guide.

In dealing with the Weekly Forms we deduct from gross earnings all expenses that will discontinue for certain

The Contribution Form

IF it is the Contribution Form we are dealing with we deduct the annual ordinary payroll expense (including taxes and insurance premiums on said payroll) and the cost of heat, light and power (if not under contract) from the gross earnings, and take 80% of that sum for the Item I requirement. It must be borne in mind that the amount for this form is determined in accordance with the coinsurance requirement. Do not attempt to follow the coverage items.

In the case of the Gross Earnings Form we deduct nothing whatever from gross earnings but simply take the percentage of the annual gross earnings called for in the coinsurance clause selected.

By following the procedure outlined (the so-called deduction method) and using work sheets drawn up in accordance with these principles we arrive at the amount of Business Interruption Insurance required without having to ask about such intimate details as net profits or salaries of executives.

We believe it is self-evident that if more than twelve months' period of liability is to be encompassed the amount of insurance should be increased proportionately. Standard endorsements are provided for extending the period of liability under each type of form.

Contingent Business Interruption

THIS form of insurance covers the interruption of the insured's business at his plant caused by fire occurring elsewhere.

There are two major types of Contingent Business Interruption Insurance, briefly described as follows:

- Covering Business Interruption loss resulting from damage to or destruction of other plants furnishing materials or parts when such other plants are not owned or operated by the insured.
- 2. Covering Business Interrup-

tion loss resulting from damage to or destruction of a separately owned and operated plant to which the product of the insured's plant is sold.

The first-named type is in far greater demand than the second, and this discussion will deal mostly with the first type.

Contingent Business Interruption Insurance must be written under a separate policy and cannot be included in the direct Business Interruption policy covering the insured's plant.

When written to cover against loss caused by interruption of a source of materials or parts, it is preferable to name each plant supplying such parts. However, the policy may be written to cover Business Interruption loss caused by fire at any plant from which the insured receives supplies without specifying the plants, but at a higher rate.

A Tailor-Made Contract

THERE are no standard forms for Contingent Business Interruption Insurance. They are tailormade contracts. Obviously, we should use the form which best fits the insured's earnings curve. In other words, if the direct Business Interruption on the assured's plant is written under the Contribution Form the same type of form should be used for the Contingent Business Interruption.

The amount of insurance carried is usually the same for Contingent Business Interruption as for direct Business Interruption. It is the Business Interruption value of the assured's plant that we are insuring. If there is no interruption of business at the assured's plant when one of the contributing plants is destroyed there is no loss under the policy.

No matter where the contributing plants are located, the Contingent Business Interruption policy is issued in the territory where the insured's plant is situated. The rules in that jurisdiction govern. The same general plan is followed when dealing with a "Consuming Plant" form of Contingent Business Interruption.

A wide variety of concerns and sometimes individuals need Contingent Business Interruption Insurance. Any manufacturer who purchases from some particular plant an essential piece of machinery or other part entering into his product, and cannot readily procure it from other plants, certainly needs Contingent

Business Interruption protection.

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GREAT many companies are taking the position that they do not want any Business Interruption Insurance unless they are given an equal share of the Property Damage Insurance. The reason for this is that, because of the increase in loss possibilities, Business Interruption Insurance is not attractive at the rate generally received for it, and therefore the Company should be given the higher rated Property Damage Insurance to sweeten the offering. This follows the old adage that "the tail must go with the hide."

Some companies feel a moral obligation to take care of their share of the Business Interruption needs of an assured if they are carrying the Property Damage Insurance.

A relatively small number of insurance companies still follow the principle that each Business Interruption Insurance line should be underwritten strictly on its merits regardless of whether or not they have any of the Property Damage Insurance.

Two Important Factors

TT is obvious that the amount of Business Interruption loss that can be sustained is not necessarily in proportion to the amount of physical damage, and a fire hitting the right spot can cause a loss of earnings much greater than the Property Damage loss. The two factors of importance to be considered in determining the amount of a Business Interruption loss are-length of time to restore, and the earnings prevented during that time.

Today the factor of time to restore has been very greatly increased, regardless of the class of risk we are dealing with. Consider, first, buildings alone, which would involve both manufacturing risks and mercantiles. It is quite evident that it would take very much longer to restore almost any type of structure than it formerly did, and if steel or other metal parts are involved the situation is further aggravated. Labor, too, is difficult to obtain for such purposes.

In manufacturing risks we have the added problem of replacement of machinery and equipment, and even with high priority rating it is extremely difficult to obtain replacement of certain types of machinery and equipment. Raw stock is of paramount importance and if an assured has a large supply on hand that would



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toward profit . . . must plan safe-guards against unexpected blows. Credit losses are a major hazard. The advance toward profit may be gaining rapidly, yet be abruptly halted and the gains suddenly destroyed by failure of a large account. The Credit Executive can gauge credit risks

late to correct blunders.

according to information available before goods are shipped. But the Credit Executive cannot be charged with those large crippling losses which result from incidents occurring after credit has been approved.

In business, too, executives must plan care-

fully ... must plan each detail of the advance

Against that risk, Accounts Receivable need the protection of AMERICAN CREDIT INSURANCE. When you realize the protection which an AMERICAN policy affords to dividends : .: to working capital . . . to the credit standing of your firm with your bank and other creditors . . . the cost becomes negligible, the value evident.

Investigate today. Address Dept. C-5 for free copy of "The A-B-C of Credit Insurance."

J. F. McFadden, President

First National Bank Building, Baltimore

Guarantees Payment of Your Accounts Receivable"

OFFICES IN PRINCIPAL CITIES OF UNITED STATES AND CANADA

make operations possible for many months, its destruction would force the plant to stand idle unless that particular type of raw stock is readily procurable within a short time.

Even merchants are finding that certain classes of goods are unobtainable for months, whereas they could formerly obtain such merchandise almost over night.

100% Coverage Required

M ANY risks which could formerly be underwritten on loss estimates of 40 or 50% must now be underwritten on the basis of 100% loss possibilities. It seems obvious that if partial physical damage to the property can bring about a total Business Interruption loss, the coverage becomes unattractive unless there is a proportionate increase in premium received for it.

To a certain extent we have always had this problem to deal with in multi-section plants where all processes are interdependent and the destruction of one unit involving only small percentage of total values could give us a serious Business Interruption loss.

There are some alleviating factors which should be taken into consideration. Experience with some actual losses during the past year where the plants were almost totally destroyed has proved that some of our fears were not entirely justified. The determination of American businessmen to get back into production, to-

gether with their amazing resourcefulness, has reduced the Business Interruption loss actually sustained to a remarkable degree in certain cases that have come to our attention.

Too much weight should not be given to high priority rating but it may help greatly on plants having defense orders. Nevertheless priority rating can change over night and this is a factor that cannot be overlooked in underwriting.

The fire insurance companies do not deny liability for increase in loss due to priority orders.

Regarding the experience as a whole, the Business Interruption Insurance loss ratio on manufacturing risks was too high even before the advent of our defense program. Most companies have lost money on that class.

Additional Premium Necessary

WITH all of these facts before us, you will readily appreciate why it was necessary for the insurance companies to seriously consider a general increase in Business Interruption rates, particularly on manufacturing risks, or else by means of revision of the form arrange to obtain the additional premium necessary to compensate for unusual conditions.

It was concluded that a general increase in the level of Business Interruption rates would not be a wise move, particularly in view of the fact that we are dealing with a National emergency. Nevertheless, the insur-

ance carriers are entitled to and must have sufficient premium to take care of the unusual risks. This could be accomplished only by means of a change in form, unless we were willing to resort to a very complex rating schedule which few would be able to apply properly. Furthermore, conditions are changing so rapidly that the Business Interruption rates developed under such a schedule today would have to be revised a month hence in order to keep step with the procession. The only way out of our dilemma was the revision in forms which became effective in New England October 24, 1941. Under the new set-up we cannot be accused of discrimination.

Conclusion

BUSINESS Interruption Insurance is a real bargain at present-day rates. It should also be remembered that the premium for it can be charged to operating expense, so the reduction in excess profits tax still further reduces its cost.

There is a scramble for good men today when all business is under heavy pressure, and a type of insurance which makes it possible for a concern to hold its organization together is indispensable.

War, of course, aggravates the situation but Business Interruption Insurance is needed as a permanent protection, just as much as is Property Damage Insurance.

Full Information Along the Line

(Continued from page 9)

The Sales Department and the Stockroom also receive copies of this Shut-Off Notice. Its receipt is the signal to immediately stop any back-orders that may be in process and to hold any orders that may be ready for shipment.

Between the first and tenth of each month, a delinquent list is sent to all branch offices. When accounts are shut-off for credit, a daily cash report, covering its customers, goes to each branch. In this way each branch is kept informed on how their accounts are paying up.

When Credit Is "Shut Off"

WHEN a customer's credit is shut off, branch managers refer all orders to Binghamton. We write the customer and ask him to cooperate in re-establishing his credit by remitting in excess of the dollar value of any order he may place with our branch. This method relieves the branch manager of the necessity of asking his customer to send a check with his order. Obviously, a customer is much more apt to resent such a request from a local man, whom he knows, than he is from an impersonal home office. In some instances, when a shut-off customer sends us a check to cover his current order, we may apply this to his old account and ship the new order. Frankly, this is a matter of judgment. No fixed rule can be formulated to govern such cases.

Shut-off cards are also made out and distributed when a business changes hands, or upon the death of the owner.

When an account returns to a current position on our ledgers or when, in case of a change in ownership, the new owner is found to be financially responsible, a yellow Re-Instatement Notice is made out and distributed in the same manner as our Shut-Off cards. The number of cards to any branch depends upon its territory, but the Sales Manager, the Salesman of the account and the Branch Manager always receive Shut-Off and Re-Instatement notices.

When it becomes necessary to discontinue an account, an Account Discontinued Notice is sent to every one who receives a New Account card. Blue index tabs replace the white ones in our visible files. When an account is discontinued its number is voided. If this account becomes active later, it is assigned a new account number.

Use Service Corporation

WHEN our own collection efforts fail to bring results, we place most of our accounts with the Roch-

ester or Syracuse Service Corporation for collection. When our Legal Department so places an account, a salmon colored card stamped "Suspense" goes to the Branch Office, the Order File, the Alphabetical and Geographical Files in the Credit Department. The Filing Department receives a pink visible index tab stamped "Sus-

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When this is done, the credit line is changed to Cash or C. O. D. The "Suspense" stamp means that the account is in the hands of an attorney. Once we have placed an account for collection we will not, of course, accept a check in direct payment, referring same to the agency. If the account settles our claim and wants to start doing business with us again, we write to him explaining that we cannot again grant credit unless we have very definite assurance that our terms will be maintained. As a guarantee of their intent we expect them to assume the collection cost of the former account. If such an account writes us specifically stating that it will meet our terms and there are no other complicating factors, we may then re-instate it on a credit basis. I need hardly say that such accounts are given extra special attention from

The central idea of our system is to keep every one concerned fully informed at all times in as simple a manner as possible without sacrificing accuracy. At Binghamton, we handle about 6,000 accounts. Another 2,000 Western accounts are handled in San Francisco. As I have mentioned, we have around 5,000 different items of merchandise.

Numerical System Easiest

OUR system is based upon our account number and code letter. The Incoming Mail Department indexes mail according to number, the Sales Department knows the classification of its customers and the discounts to which they are entitled. The Advertising Department can base its dealer advertising helps, etc., on the type of business shown by the account number.

It might be asked if some other system would not serve as well as our numerical classification. It might. But when you reach the point of 23 separate classifications for lines of business, a numerical system seems easiest to handle, to remember and



A Rearming Nation calls for added insurance protection

N TODAY'S BATTLE of production depends the future of freedom. The wheels must be kept turning . . . American industry must be protected against loss. Insurance, supplying this protection, becomes a vital cog in national defense. Insurance men, upon whom industry depends for guidance in obtaining coverage, assume important responsibilities.

Your U.S.F. & G. agent . . . one of 9,000 located throughout the nation . . . is thoroughly familiar with today's intricate problems, both business and personal. For your protection, get in touch with him today: you'll find him listed in your 'phone book.

> "Consult your Agent or Broker as you would your Doctor or Lawyer"

UNITED STATES FIDELITY AND GUARANTY COMPANY with which is affiliated

FIDELITY & GUARANTY FIRE CORPORATION

HOME OFFICES: BALTIMORE

less susceptible to errors.

In the final analysis, systems are aids to, not crutches for, credit judgment. We expect them to satisfactorily handle the details and the routine work, leaving us free to give close attention to those unusual cases which are the real test of a credit executive. From this standpoint, our system seems to work with a minimum of conscious attention and a good degree of dependability.

Selling in a War Economy

(Continued from page 6)

questions concerning the use of Cooper designed and distributed advertising and display fixtures were about the only factors that could be appraised from office records.

Only our salesmen could answer

questions such as these:

Sells at least four nationally advertised furnishings and hat lines (List in space provided)+ 1 pt. – Cuts prices, features low-end merchandise, unbranded lines- 3 pts. –

Only store we can possibly sell Jockeys in town or neighborhoodRated "A"

SCORING consisted of adding up all plus points and subtracting all minus points. The total score became the account rating, expressed, for example, as Plus Ten or Minus Six.

Remember this program was announced at the July 1941 Sales Convention.

The first three days were used to sell and explain the program—the next two were devoted to answering those questions that only the salesmen could handle.

Every active account had a separate questionnaire. A big job? Certainly. Worth it?—most emphatically yes! We now have a summary of the value of every account on our books, expressed in terms of a simple rating based on *normal* conditions.

Not a Selfish Plan

NOR is this rating program a selfish one. The merchant who deserves the greatest consideration is getting it. If we are an important source of supply to him, his rating reflects it. He can depend on us for merchandise longer than if we distributed it thoughtlessly to any one who asked for it. Neither is the consumers' interest neglected—for our program assures the widest possible availability of our goods for the longest possible time.

Yes we dropped accounts, fully 20% of our total by the end of 1941. Much of the merchandise these accounts used is now flowing to Ships Service Stores and Post Exchanges. There may need to be further curtailment in our distribution set up but when that becomes necessary we will know what accounts we can drop and what ones are entitled to our continued support.

No one can tell now what the postwar effects of our rating program will be, but we feel satisfied it represents the most intelligent approach we could use to the solution of a very

vexing problem.

Production For Peace

(Continued from page 17)

A. A. Berle, Jr., Assistant Secretary of State, has written a foreword to this report in which he says: "Clearly the very sinew of our war effort will be affected by the goals we see ahead . . . When peace does come it will be an opportunity and a challenge: an opportunity to use our vastly increased plant and human resources to raise the standard of living for us all; a challenge to make a greater civilization."

In support of his major thesis of the need for full employment and full production in the economy of the future, Stuart Chase cites many contemporary authorities. Among them is Philip D. Reed, Chairman of the Board, General Electric Company, quoted as saying: "Our political, social and economic scheme of things after the war will resemble neither the 1920's nor the 1930's. The war will advance by several decades the trends away from laissez-faire and toward economic planning under government supervision."

Looks to Full Employment

A LEADING business publication told its readers: "It is inconceivable that when the defense program ends . . . the government will stand idly by in the midst of a great

MAN-DRAIJAL

Financial audit? Certainly! Physical inventory? Of course! Then why not an

OFFICE SURVEY

to appraise your office organization, authorities and responsibilities, forms, clerical methods, employee selection, training, salary classification and compensation? Made under personal supervision of E. J. Benge, author of "Cutting Clerical Costs" and of "Office Economies." Inexpensive—it usually pays for itself. Write for details.

BENGE ASSOCIATES

MANAGEMENT ENGINEERS 20 No. WACKER DRIVE, CHICAGO

OFFICE ECONOMIES — APTITUDE TESTS MORALE SURVEYS — MERIT RATING JOB EVALUATION

unemployment crisis born of nationwide demobilization . . . The operation of the profit motive will be limited by the dominant requirement of full employment for the people."

E. R. Stettinius, of the U. S. Steel Corporation, has declared: "The goal of production shall not be profit alone. This is the spirit of our age." W. L. Batt, head of the SKF industries, says: "I sincerely believe that if we tackle this problem of postwar demobilization . . . with all the energy we are now devoting to the opposite process, we can build a standard of living the like of which the world has never dreamed. We can lay the groundwork for an industrial system that will have as its only limits the available man power for production."

In summation of his thesis, Stuart Chase says: "Win, lose or draw, we can never return to the world of 1928, or even of 1939. This may alarm many Americans but it does not alarm me. The old world was not so perfect that a better one cannot be found. We have high goals before us which technology, if not folklore, can guarantee. We have trends to follow which do not cut us off too suddenly from what has gone before. Everything which will be in the postwar adjustment is here in embryo now."

Left-handed Nail

Two lunatics were busy in a room hanging some pictures. One was endeavoring to drive a nail into the wall headfirst by hitting it on the point, when, suddenly, he turned around to his friend and remarked: "The man who made these nails was crazy."

The friend wanted to know why, and the other explained that the point was on the wrong end of the nail, whereupon his friend immediately told him that it was he who was crazy because that nail was made for the opposite wall!

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Injustice

Two gangsters were escorting a member of a rival gang across the field on a dark and rainy night.

"What rats you are," grumbled the doomed one, "making me walk through a rain like this.

"How about us?" growled one of the escorts. "We've got to walk back."—Exchange.

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ONLY BURROUGHS MECHANICAL SERVICE GIVES YOU THESE ADVANTAGES

- Burroughs mechanical service is rendered by factory-trained and factory-controlled, salaried representatives whose service work is guaranteed by Burroughs.
- 2 Every Burroughs service point has genuine Burroughs parts to meet any service need.
- 3 Burroughs service is national, conveniently located to give prompt, efficient attention to every call.
- 4 All Burroughs service men are promptly and fully informed about every improvement in service, every new machine feature and every mechanical change.

The accessibility of experienced Burroughs service men . . . the quality of their work . . . their eagerness to do a good job . . . all are major factors in helping Burroughs users to keep their machines in uninterrupted operation-get more and better work out of them-and greatly prolong their life.

For complete information, telephone your local Burroughs office, or write direct to-

BURROUGHS ADDING MACHINE COMPANY DETROIT, MICHIGAN

Burroughs

The Law's Letter Is Not Necessarily The Law

William James said that the best answer to an intellectualist was no answer at all. He and other psychologists developed a system which they termed pragmatism. This meant that we should attack various problems that present themselves, and make decisions thereon, without reference to the relation of the particular decision to all possible imagined circumstances that might arise for a decision. For example, the intellectualist judges in our courts become entangled in all kinds of ratiocinations and thereby delay a decision on the matter in hand. It is a common custom of lawyers, when a perfectly selfevident decision of the case in hand presents itself, to try to circumvent a decision in the matter by creating various imaginary questions that could arise, whereby injustice might be done if the judge's ruling was applied to some other case.

Business men have outgrown scholasticism and attack each problem on its merits. If judgment is to be passed upon whether an employee is to be hired or fired, that question is decided on intuitive judgment. So, if it is a question of giving credit, filing a suit, compromising a matter rather than fighting it in court-all these matters are decided according to the best judgment of the men in charge. Bergson, the French psychologist, held that all judgments must be intuitive, and that analysis properly followed the judgment rather than preceding it.

"A Government of Law"

MOST of our differences, when we come to discuss a scientific subject, are due to a failure to define our terms. Should I make the remark to the average intellectualist lawyer that there is no such thing as "a government of law, not of men," he will not wait to discuss the matter but will jump to the conclusion at once that I would have a government that depended upon the ipse dixits of the individual judges. It would take a small volume to explain just what I meant, if my hearer was a person steeped in the intellectualism that has come down to us through the law courts.

By E. MONROE BAKER Referee in Bankruptcy, Dallas, Texas

Prior to the passage of the Chandler Act in 1938, I passed upon this kind of a case: a merchant, who had goods worth about \$2,000.00 in cash. owed \$8,000.00. A few days before he filed a petition in bankruptcy, a creditor with a claim for \$1,000.00 brought suit in the state court and attached \$1,000.00 worth of merchandise. When the question came before me as to whether the attachment should be vacated, the point was raised that in order for an attachment to be void, if obtained within four months of the bankruptcy, the debtor must be insolvent at the time. This debtor owned a home free of debt The home was worth \$8,000.00. exempt under the Texas law and was so claimed; however, it was contended that this exempt asset should be counted in determining the debtor's solvency.

What Is Insolvency

The definition in the bankruptcy law as to solvency said one is solvent when his assets at a fair value were equal to his debts. I held that this definition might apply to the case where creditors attempt to throw one into bankruptcy involuntarily, for it might be presumed that a debtor, in order to pay his debts, would sell his homestead; but this was a case between creditors, and Congress had enacted the law against preference in favor of one creditor against another, and to give this effect, the attachment had to fall.

This decision, to me, was self-evident; however, courts throughout the country had held otherwise. Congress remedied the matter in the Chandler Act by expressly declaring that the definition of solvency referred to, should not apply between creditors in such a case as I have just described. To make a fetish of the letter of the law is not a proper way to show our obeisance to a government of law. Strict construction that results in injustice is the best way to break down the public's adherence to a government of law.

A cheering example of liberal construction upholding justice within the law, as against an obeisant bending of the knee to the letter of the law, although the judges knew that thereby crookedness and injustice were being upheld, is found in the case of Pepper vs. Litton, 60 Supreme Court 238, a decision by Mr. Justice Douglas rendered in December, 1939.

A "Family" Corporation

HERE was a case where a "oneman" or family corporation got into debt to its president. He obtained judgment by suit against his own company, the answer being filed by his secretary. He had most of the property sold out, and he formed another corporation and had this property transferred to the second "one-man" or family corporation. Through the first corporation the president had borrowed \$10,000.00. and he succeeded in defeating the collection of this debt through the Circuit Court of the United States. It was held that the judgment of the state court and the sale under this judgment had fixed the status of the parties and the judgment and sale could not be disturbed. It was a case of what is termed in law "res adjudicata."

It is just such cases as this that bring out the Judge and the proper determination of such cases forms the basis of one of the criteria of justice under a government of law. Shall men stand as slaves before the letter of the law and see injustice done? Slaves stood supinely before the letter of the law two thousand years ago and notwithstanding they were told by the highest authority that the law was made for man and not man for the law, yet, down through the ages spineless judges without sense of justice have sidestepped and let crookedness and dishonesty succeed.

"Courts Cannot Legislate"

THESE spineless judges hide behind such statements as, "This is what the legislature or Congress has done and the courts can not legislate," or, if it is a criminal case, they hide behind the old expression that it is better that the guilty go free than

to make a ruling that might cause some innocent man to suffer. As a matter of fact, no innocent men are before the court when such decisions are made. Such expressions are simply an escape by judges who wish to take the path of least resistance. If the accused is clearly guilty and has been convicted, the court of common honesty will always find a way to uphold the conviction. The court that sets aside a conviction when it is clear from the facts that the accused is guilty of the crime charged, because some form was not carried out in the trial, is simply ignorant of what is expected of judges and of the functions of judges, and such judges are enemies to a government of law.

Mr. Justice Douglas in this case not only set aside the sale in the case mentioned above but subordinated the claim of the President to the other debts. In that case the District Court, after the bankruptcy of the first corporation, had examined the Litton judgment (Litton was the President of the corporation) and had subordinated it to other claims.

The Douglas Opinion

THE Supreme Court, through Mr. Justice Douglas, said, "the bankruptcy courts have exercised these equitable powers . . . which have been invoked to the end that fraud will not prevail, that substance will not give way to form, that technical considerations will not prevent substantial justice from being done . . . a bankruptcy court has full power to inquire into the validity of any claim asserted against the estate and to disallow it if it is ascertained to be without lawful existence . . . the bankruptcy court may look behind the judgment to determine the essential nature of the liability for purposes of proof and allowance . . . the mere fact that an officer, director, or stockholder has a claim against his bankrupt corporation or that he has reduced that claim to judgment does not mean that the bankruptcy court must accord it equal treatment with the claims of other creditors."

This was real self-evident justice that any business man can see, and it is no trouble to courts to give us a government of law and a government of justice at the same time, provided that judges look first to the justice and so decide the case and write their opinions.



Field Warehousing is also Breaking Jams

In this Period of National Emergency

In many cities, public warehouse facilities cannot meet the present demand for storage. A practical way to break WAREHOUSE JAMS is to utilize empty plants and buildings for storage, under Douglas-Guardian Service. Commodities thus Field Warehoused are safeguarded by bonded and legal protection and can serve as gilt-edged collateral.

Breaking Credit Jams is the main mission of Douglas-Guardian Service. Inventory in raw materials or finished product—often carried as a dead load—is readily and quickly converted into high-grade collateral attractive to banks as a basis for loans.



WRITE FOR VALUABLE BOOKLETS. As a credit man, you'll enjoy "How to Solve a Difficult Financial Problem", based on two "Balance Sheets", before and after Field Warehousing. It's Free, as is also "Financing the Modern Way"... a pocket size book of complete information on Field Warehousing and Douglas-Guardian Service. Use the coupon.

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Address

Attn. of

Industry Programs at Cincinnati Credit Congress

The Industry programs of the 24 individual meetings which will be held on Wednesday, May 13th, at the Cincinnati Credit Congress are practically completed. Without exception, the committees have performed splendidly, and their programs promise to be among the best ever held.

If a meeting has not been scheduled for your specific industry, it is the hope that there will be at least one in progress which will be of interest to you. You will be welcome at any or all of them.

Most industries have scheduled luncheons, many of which will be followed by addresses by speakers of national prominence. If your industry is not having a luncheon, check over the list, and attend any one that you desire. The only requirement is that you purchase a luncheon ticket in advance which will cover the actual cost of the luncheon.

Following are the programs sched-

Advertising Media: There will be an Address of Welcome by A. Imsande, of the Cincinnati Enquirer, Cincinnati, and a Treasurer's Report by R. B. Gratzer, Louisville Courier-Journal, Louisville. Charles W. Staab, Cincinnati Enquirer, will talk on "How Credit Affects Circulation." Tohn H. Schackman, Scripps-Howard Newspapers, Cincinnati, will talk on a subject to be announced. "Credit Department Relation to Other Departments" will be the subject of an address by A. L. Podrasnik, Chicago Daily Times, Chicago. H. B. Pugsley, Cleveland Press, Cleveland, will speak on "Transient Classified Credit," and Joseph W. Burg, American Newspaper Publishers Association, New York, will talk on "Bad Debts."

There will be Open Discussions on a number of topics of timely interest.

An industry luncheon will be held in the Julep Room, Netherland Plaza Hotel, at 12:15.

Automotive & Petroleum: The Automotive & Petroleum Supply Wholesalers and the Petroleum Refiners have decided to hold a Joint Meeting under the Chairmanship of Henry J. Moorman, Valvoline Oil Co., Cincinnati, and the Co-Chairmanship of Robert P. Dean, Standard Oil Co. of Pa., Philadelphia.

D. A. Grant, Socony-Vacuum Oil Co., Chicago, will talk on "Salesmanship By the Credit Department." "Special Credit Department Problems" will be the subject of an address by E. L. Thomas, Vice-President, Harbison-Gathright Co., Louisville. E. M. Showalter, Jr., Credit Manager, Standard Oil Co. of New Jersey, Charleston, W. Va., will speak on "Cycle Billing of Credit Card Accounts." Charles E. Fernald, C. P. A., Fernald & Co., Philadelphia, will speak on "Effect of Increased Taxation on Credit."

There will be an Open Forum Discussion on Future Mutual Problems of the Automotive & Petroleum Industries." The discussion leaders will be H. E. Butcher, Cities Service Oil Co., Chicago, and M. D. Fields, Central Rubber & Supply Co., Indianapolis.

There will be an industry luncheon at the Sinton Hotel followed by an address on "Wills Also Become Dated," by Edward W. Nippert, Assistant Trust Officer, Fifth Third Union Trust Co., Circinnati

Third Union Trust Co., Cincinnati.

Bankers: W. L. Hart, Superintendent of Banks of Ohio, Columbus, will talk on "How Your State Bank Superintendent Looks at Your Bank." Alexander Wall, Secretary-Treasurer, The Robert Morris Associates, will talk on "What's Going On." There will be two other feature addresses by speakers and on subjects to be announced.

A luncheon will be held at the Netherland Plaza Hotel, which will be followed by an address by George T. Trundle, Trundle Engineering Co., Cleveland, on "Are We Giving All Out Production for War?"

Brewers, Distillers & Wholesale Liquor: Honorable Jacob B. Taylor, Director, State of Ohio Department of Liquor Control, Columbus, will speak on a subject to be announced. "Credit Groups—Their Functions and Benefits" will be the subject of a talk by O. A. Wangerin, Credit Manager, Griesedieck Bros. Brewery Co., St. Louis

There will be round-table discussions on "Analysis of Questionnaire on Licenses and Taxes," and "The War—Its Effect on Our Industry."

Building Material & Construction: J. A. Farrar, Mosher Steel Co., Dallas, will speak on "Priorities." J. Harold Stehman, of Washington, D. C., will speak on "The Place of Credit in Marketing Available Civilian Supplies." Mr. Stehman is Merchandising Analyst, Department of Commerce; also associated with Consumer Programs Branch, Division of Civilian Supply, War Production Board, Washington, D. C. There will be an Open Forum Discussion on "The War—Its Effect on the Credit Policies of Our Industry."

The industry will participate in a joint luncheon with the Hardware Manufactur-

ing; Paint, Varnish, Lacquer & Wallpaper; and Wholesale Hardware Industries. The luncheon will be addressed by W. W. Hewett, Professor of Economics, Cincinnati University. Professor Hewett's topic will be "Economics in War Time."

Cement: The general chairman, Eliot Balestier, Jr., New York, announces that the program of his industry will be obtained at the meeting.

Confectionery Manufacturing: Lawrence S. Day, W. F. Schrafft & Sons Corp., Boston, will speak on "Financial Statements." "Selective Customers" will be the topic of a talk by C. M. Ryan, Walter O. Birk Candy Co., Chicago. J. F. Spasaro, George Ziegler Co., Milwaukee, will talk on "Interdependence of Credit and Sales Depart-"War-Effect on Credit Policies" will be the subject of a presentation by W. H. Hottinger, Jr., Bowey's, Inc., Chicago. Mr. Hottinger will also discuss "Recent Legislation Affecting Credit in Our Industry" A. A. Schirmer, American Sugar Refining Co., New York, will talk on "Sugar Rationing-Probable Effects on Confectionery Manufacturing Industry." W. F. Pretzel, Bunte Bros., Chicago, will talk on "Credit Groups-The Value of Increasing Credit Department Efficiency."

Drug & Chemical: There will be an Address of Welcome by J. W. Roberts, Vick Chemical Co., Wilmington, Dela. E. N. Felio, Colgate-Palmolive-Peet Co., Jersey City, will speak on "Extending Credit in a War Economy." "Personal Credit Reminiscences" will be the subject of an address by John E. Rudolph, Director of Drug Relations, Radio Station WLW, Cincinnati. J. Otto Kohl, Member of Executive Committee of N. A. R. D., will speak on "The Retail Druggist Speaks."

J. S. Hewitt, Vice-President in Charge of Sales, The Andrew Jergens Co., Cincinnati, will talk on "A Sales Manager Talks About the Credit Department." "Collection Correspondence" will be the subject of an address by Major Fred J. Dixon, Associated with The Gruen Watch Co., and The Procter & Gamble Co., Cincinnati. Phil J. Gray, Manager, Foreign Credit Interchange Bureau, N. A. C. M., New York, will speak on "Foreign Trade Particularly as Applied to Latin America."

There will be an industry luncheon at 12:30, and a reception at the conclusion of the afternoon session.

Electrical & Radio: John J. Hope, Jr., Crosley Corp., Cincinnati, will speak on "How to Keep Our Distributors in Business and Not Sell Them Any Merchandise." "Credit and Financial Management Under War Production Programs" will be the subject of a talk by Byron Stump, Doubleday-Hill Electric Co., Pittsburgh. Joseph H. Le-

Cour, Mitchell Rand Insulation Co., Inc., New York, will speak on a subject to be announced. R. M. Wilder, Assistant Treasurer, Pass & Seymour, Inc., Syracuse, will talk on "The Electrical Industry's Credit Under War Conditions."

J. Harold Stehman will speak on "The Place of Credit in Marketing Available Civilian Supplies." Mr. Stehman is Mer-chandising Analyst, Department of Com-merce; also associated with Consumer Programs Branch, Division of Civilian Supply, War Production Board, Washington, D. C.

What promises to be of especial interest is an open forum discussion "What Would You Do About It?" in which the individual problems of various divisions of the industry will be presented for discussion and

There will be an industry luncheon at

12:15 at the Gibson Hotel.

Fine Paper: "A New Era in Business and Finance" will be the subject of an address by Dr. H. H. Beneke, Professor of Finance and head of Finance Department, School of Business Administration, Miami University, Oxford, Ohio. Dr. Beneke also lectures on Corporation Finance at the University of Cincinnati.

A representative of Messrs. Ernst & Ernst will discuss "Tax Problems Confronting Business During the Current Year." "How to Keep Debtors from Failing" will be the subject of a discussion led by L. E. Phelan, Secretary-Manager, Detroit Association of Credit Men, Detroit. There will be an Open Forum Discussion on "The Question of the Extension or Curtailment of Credit During the War" led by J. R. Mueller, Carpenter Paper Co., Omaha.

A joint luncheon is being scheduled at the Netherland Plaza Hotel with the Paper Products & Converters Industry, which will be followed by an address "What's Ahead on the Economic Front," by Dr. Theodore N. Beckman, Professor of Marketing, The Ohio State University, Columbus. Dr. Beckman was recently appointed Chief Consultant, Division of Civilian Supply, War Production Board.
Food Products & Allied Lines Manufacturing:

Arthur L. Moler, Vice-President, Fifth-Third Union Trust Co., Cincinnati, will talk on "Statement Analysis from a Banker's Viewpoint," and C. T. Romer, Tax Consultant, Cincinnati, will talk on "Taxes—How They Affect You and Your Customers.'

The afternoon session will consist of a Discussion of Accounts submitted in advance by all those in the industry who expect to attend.

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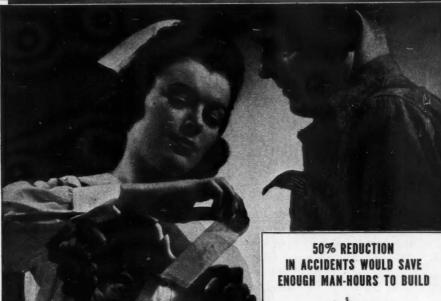
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There will be an industry luncheon at 12:30 at the Netherland Plaza Hotel.

Food Products & Confectionery Wholesalers: "The Place of Credit in Marketing Available Civilian Supplies" will be the subject of an address by J. Harold Stehman, Marketing Analyst, Department of Commerce; also associated with Consumer Programs Branch, Division of Civilian Supply, War Production Board, Washington, D. C. Ralph Cracroft, Salt Lake City, will speak on "Methods of Reducing Old Accounts While Selling Currently." Several other topics are being scheduled for presenta-

Accidents Help the Enemy



The careless accident that "just lays a man up for a few days" may keep a skilled mechanic off a job vital to your country.

Accidents today cost more than money can pay for. They cost time-when our country needs every hour of every workman's time as never before. A few days off the job means a few days off America's Victory schedule.

No insurance in the world can make up for the work an injured workman might have done, but the expert safety work that goes along with good compensation insurance can help reduce accidents. Besides it's only smart business to let a sound insurance company pay your compensation liabilities.

Lumbermens and its affiliated companies under Kemper management write all forms of insurance—excepting life insurance.

Your Lumbermens agent is qualified to assist you with your insurance problems. If you do not know his name, write: James S. Kemper, President, Lumbermens Mutual Casualty Company, Mutual Insurance Building, Chicago.









Accidents robbed American Industry of 460,000,000 man-days in 1941. The 1941 traffic toll alone, of men between the ages of 20-45, accounted for more than 10,000 workers . . . enough for a full Army division.

If your company, like many others to-day, is suffering increased industrial accidents due to green labor and rapidly expanding production, you will be interested to learn what Lumbermens safety engineering service is doing for its policyholders.

This service costs nothing, pays much in reduced accidents, lowered insurance costs and increased profits.

MUTUAL CASUALTY COMPANY

JAMES S. KEMPER, President Home Office: Mutual Insurance Building, Chicago Operating in New York State as (American) Lumbermens Mutual Casualty Co. of Illinois



A Competent **Insurance Agent** Knows

When you entrust your insurance to a competent insurance agent, his duty is to see that your business is $ad\epsilon$ quately and completely insured against all possible hazards. The Northern Assurance Agent is that type of insurance man. He knows the answers to your many insurance problems. He is qualified to survey your plant, analyze your insurance needs, and recommend the proper insurance protection.

You are guaranteed further safety because the Northern Assurance Agent will place your insurance with a company which has been doing a world-wide insurance business for the past 106 years.

There is a Northern Assurance Agent in your city. If you do not know his name and address, we will supply it upon request.

NORTHERN

ASSURANCE CO., LTD.

135 William St., New York

Chicago

San Francisco



FIRE INSURANCE AND ALLIED LINES tion by speakers to be announced.

There will be an industry luncheon followed by an address by Russell Deupree, Credit Department, Procter & Gamble Co., Cincinnati, on "What Our Company Expects From Its Credit Department.

Hardware Manufacturing: "Credit Hazards in War Industries" will be the subject of a talk by W. D. Eck, H. D. Hudson Mfg. Co., Chicago. S. C. Monroe, Henry Disston & Sons, Inc., Philadelphia, will talk on "War Time Credit Problems in Non-Defense Industries." E. William Lane, American Screw Co., Providence, will speak on "The Credit Man's Preparation for Peace."

There will be an informal discussion of accounts in which those in attendance are

mutually interested.

The industry is joining in a luncheon at the Netherland Plaza Hotel with the Building Material & Construction; Paint, Var-nish, Lacquer & Wallpaper; and Wholesale Hardware Industries which will be fol-lowed by an address "Economics in War Time," by W. W. Hewett, Professer of Economics, University of Cincinnati. Hardware Wholesalers: W. B. White, Smith

Bros. Hardware Co., Columbus, will speak on "The Professional Credit Executive." "What the Sales Manager Expects" will be the subject of an address by H. C. Miller, Vice-President and Sales Manager, Kruse Hardware Co., Cincinnati. S. J. Schneider, Secretary-Manager, Louisville Credit Men's Association, Louisville, will speak on "From the Secretary-Manager's Conning Tower.'

In the afternoon, there will be an open meeting discussion on the following:

"Improved Methods of Handling Credit Department Detail," led by W. J. Claussen, Hibbard, Spencer, Bartlett & Co., Chicago.

"Credit Policies of Our Industry Dur-ing the War," led by David D. Smith, Kelley-How-Thompson Co., Duluth.

"Methods of Analyzing Condition of Our Accounts Receivable," led by B. E. Walker, C. M. McClung & Co., Inc., Knoxville.

"The Retailer's Plight During the Emergency," led by P. M. Nichol, Buhl Sons Co., Detroit.

"Credit Interchange Service," led by G. C. Klippel, Van Camp Hardware & Iron Co., Indianapolis.

The industry will participate in a joint luncheon with the Building Material & Construction; Hardware Manufacturing; and the Paint, Varnish, Lacquer & Wallpaper Industries. The luncheon session will be addressed by W. W. Hewett, Professor of Economics, University of Cincinnati. Professor Hewett's subject will be "Economics in War Time."

Insurance: The Meeting will open with remarks by Chairman Don C. Campbell, Continental Insurance Co. of New York, Chicago. J. Dillard Hall, United States Fidelity & Guaranty Co., Baltimore, will talk on a subject to be announced. There will be an address by William J. Claussen, Treasurer, Hibbard, Spencer, Bartlett & Co., Chicago, on "One Credit Manager's Version of Insurance."

Short talks on "Contact Experience with

Credit Men and Credit Associations" will be made by B. J. Weldon, Dulaney, Johnston & Priest, Wichita, Kans.; William A. Earls, Earls-Blane Co., Cincinnati; Harold J. Lowry, Michigan Mutual Liability Co., Detroit; and W. F. Kuffel, Phoenix Insurance Co. of Hartford, Chicago. These talks will be followed by a "General Discussion of Insurance-Credit Relations."

A luncheon is scheduled for 12 o'clock. Iron & Steel: There will be an address on the subject of "Cooperation in National Defense," by R. C. Suran, Special Agent in Charge, Federal Bureau of Investigation, Cincinnati.

A discussion on "Effect of War Production Program on Credit Problems Involving the Automotive Industry," will be led by H. H. Davidson, Manager, Automotive Credit Service, Inc., Detroit.

Machinery & Supplies: The meeting will open with an open forum discussion on "Our War Program and Its Effect on Credits." Discussion leaders will be George Martin. Wm. T. Johnston Co., Cincinnati, and J. T. McKenna, Chicago Molded Products

Corp., Chicago.
G. B. Sturtz, Joslyn Mfg. & Supply
Co., Chicago, will discuss "Occupational Sales and Use Taxes in Various States." "Fraud Prevention" will be the subject of an address by Elmer T. Larson, W. D. Allen Mfg. Co., Chicago. R. C. Perlick, Acme Steel Co., Chicago, will talk on "Should the Bulk Sales Law Be Revised?"

John Stubbs, Harris-Seybold-Potter Co., Cleveland, will talk on "Sales Taxes on Inter-State Sales."

There will be an industry luncheon at the Gibson Hotel at 12:15, which will be followed by an address by August H. Tuechter, President, Cincinnati Bickford Tool Co., Cincinnati. Mr. Tuechter's subject will be "How the Machine Tool Industry is Meeting the Challenge of Ameri-

Meat Packing: Richard H. Fried, Fried & Reineman Packing Co., Pittsburgh, will talk on a subject to be announced. O. E. Dede, Krey Packing Co., St. Louis, will talk on "Where Is the Credit Manager's Line of Demarcation?"

"Chartered Banking in the Current Credit Picture" will be the subject of a talk by R. G. Holste, Central Trust Co., Cincinnati. J. E. Walsh, Oscar Mayer & Co., Chicago, will talk on "Value of Turnover As a Collection Measuring Stick." John M. Kay, P. E. Holz Sons Co., Charleston, W. Va., will talk on "Constructive Credit Department Assistance to Customers."

There will be an open forum discussion led by A. L. Jones, Armour & Co., Chi-

An industry luncheon is scheduled for 12:30 at the Netherland Plaza Hotel.

Paint, Varnish, Lacquer & Wallpaper: Greetings will be extended to the industry by Ernest T. Trigg, President, National Paint, Varnish & Lacquer Association, Inc., Washington, D. C.

C. H. Sondhaus, National Lead Co., San Francisco, will talk on "Facts First and Then Intelligent Planning—'Trade Sales.'" E. N. Ronnau, Cook Paint & Varnish Co., Kansas City, will talk on

(Continued on page 38)

NEWS ABOUT CREDIT MATTERS

section devoted to Credit Association affairs

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May, 1942

Copy deadline 15th of month

Special Trains to **Credit Congress** From Two Points

New York: A special train to the annual Credit Congress at Cincinnati over the Baltimore and Ohio Railroad is being planned for the large delegation from the New York Credit Men's Association. The train will leave Jersey City at 9:15 a. m. on Saturday, May 9th, arriving in the convention city the following night. The party will stop at Baltimore where they will take buses on a sight-seeing trip through the Gettysburg battle area and have dinner Saturday night at the Shoreham Hotel in Washington.

The return trip of the special train will be made directly to New York without any stopovers. Those from nearby cities tributary to New York who are going to the convention are invited to join up with this special train and can obtain full information by dropping a note to Clarence L. Riegel, Secretary of the New York Credit Men's Association.

Special Train From Chicago

Chicago: Plans are being made for a large attendance of members of the Chicago Association of Credit Men at the Annual Credit Congress, Cincinnati, May 10-14. A special train on the New York Central System, the famous streamlined James Whitcomb Riley, has been turned over to the delegation.

Delegates to the Convention from the Pacific Coast and from Grand Forks, Minneapolis, St. Paul, Duluth, Green Bay, Milwaukee, will join the Chicago delegates for the journey on the special train. The out-of-town visitors will be entertained by the Chicago Association at the Stevens Hotel on Sunday, May 10, and all will depart on the special train at 3:30 in the afternoon. Advance registrations indicate that the Chicago Association will be largely represented at the Congress.

Northern Delegates

Minneapolis: The Minneapolis Association of Credit Men will be represented by a good sized delegation to the Cincinnati Credit Congress. The Minneapolis delegation will join with those from St. Paul, the Dakotas and upper Minnesota in going to Chicago and there will connect with a special train arranged for by the Chicago Association.

Credit Eyes Turn to Cincinnati for 47th Annual Convention

E. B. Moran Heads Chicago Rotary

Ed. B. Moran, Manager, Central Division, National Association of Credit Men, has just been elected as president of the Chicago Rotary Club. He will be inducted into office on July 1st.

Mr. Moran holds the distinction of having been the only man so far as is known who has held the office of president of the New York City Rotary Club and then been elected as president of another large city club.

Kenneth H. Campbell Is Named to Post as **Export Service Chief**

Kenneth H. Campbell, Director of the Foreign Department and Manager of the Foreign Credit Interchange Bureau of the National Association of Credit Men, has been appointed Chief of the Exporters Service Section of the Office of Exports, Board of Economic Warfare.

Mr. Campbell who is well-known in foreign trade circles through his association with the Foreign Credit Interchange Bureau and various export groups for the past 13 years, began his new duties April 16. He is stationed in Washington, D. C.

A member of the Inter-American Commercial Arbitration Commission, and Chairman of its Inter-American Business Relations Committee, Mr. Campbell participated actively in many movements for the furtherance and improvement of foreign trade, and his work through the Foreign Credit Interchange Bureau has brought him constantly in touch with U. S. exporters, as well as the various organizations in foreign trade.

Philip J. Gray, who has held the post of Service Manager of the Foreign Credit Interchange Bureau for the past three years, will assume Mr. Campbell's former responsibilities, it was announced by Henry H. Heimann, Executive Manager of the National Association of Credit Men.

Hosts and Hostesses Ready for Large Crowd at Credit Congress

For the week of May 10th to 14th all credit roads point to Cincinnati, Ohio, where the 47th annual Credit Congress will be held at the Netherland Plaza Hotel.

Advance registrations indicate this year's convention will be as large or larger than usual, and advance queries also indicate that attendance at the industry group meetings on Wednesday will be larger than at any recent national convention of the Association. So many problems of a credit and financial nature are facing manufacturers and wholesalers that scores of our members are looking forward to a round table discussion of these problems at their industry meetings at Cincinnati. Reference to page 30 will show the programs for many of these industry sessions.

At the time of going to press the final items for the general session program were being decided. A timetable of the convention program is shown on page 35. This schedule shows a number of very important addresses on domestic and foreign business and the economics of our nation both during and after the war period.

George J. Gruen, general chairman of the Cincinnati Convention and a past National President of N. A. C. M., and all his many committees have been hard at work during the last two weeks putting the final touches on the plans for entertaining the credit men and their wives. This schedule of entertainment begins on Saturday afternoon for the early arrivals for whom tickets are made available for the Cincinnati National League Baseball Game. On Sunday afternoon there will be a general reception with a musical Sunday evening by the Cincinnati Philharmonic Orchestra. Other items of entertainment will be found in the timetable program of the convention on page 35.

Judging from the reports received from many sections of the country as well as advance room registrations at the leading Cincinnati hotels, the 1942 Credit Congress is viewed with anticipation by a large number of the leading credit executives as one of the most important events of the year.

Cincinnati Hosts and Hostesses Plan Many Treats







Mrs. Kroger





Mrs. Deupree

Mrs. Voss

Among your hosts at the Cincinnati Credit Congress will be Mr. and Mrs. Wm. A. Kroger; Mr. Kroger is president of the Cincinnati Association and Mrs. Kroger has taken an active part in the hostess committee work; Mrs. Russell Deupree, wife of national director, is chairman of the hostess committee; and Mrs. Harry W. Voss, wife of the secretary-manager of the Cincinnati Association, who is the co-chairman, hostess committee.

Mrs. Russell Deupree and her hostess committee and Miss Edna Wilks, chairman of the credit women's committee, are making big plans for the entertainment of the visiting ladies. A complete program is planned so that the women visitors will have special events every day.

Those arriving on Sunday morning will have available tickets to the Cincinnati National Ball Game. These tickets may be obtained in advance. On Sunday afternoon from 3 to 5 o'clock there will be the usual reception. In the evening all the delegates will be entertained at a musicale by the Cincinnati Symphony Orchestra, one of the best orchestras in the mid-west.

Most of the visiting women will take part in the opening session of the convention on Monday, and on Monday night the annual President's Ball and reception will be the big entertainment feature.

On Tuesday the H. & S. Pogue Company, one of Cincinnati's leading stores, is putting on a style show in the Pavillon Caprice, at the Netherland Plaza Hotel. There will also be a luncheon and bridge for the visiting ladies at this time.

On Wednesday a general bus tour of the Cincinnati area is scheduled. Luncheon will be served at the Beverly Hills Country Club. Another bus ride in the afternoon will visit a number of points of interest, winding up with a special tour of the Taft Museum which is under the management of the Cincinnati Institute of Fine Arts. On Wednesday evening another ball is slated for the Roof Garden in Hotel Gibson. Thursday morning is left open for shopping, while on Thursday afternoon, of course, the highlight will be the annual election and installation of the new officers. For those staying over Friday, a bus tour has been arranged to the Zoological Gardens and the Art Museum and Flower Conservatory in Eden Park.

N. Y. Chapter Alumni Hold Annual Dinner

New York—The Alumni Association of the New York Chapter, NIC, held its annual Dinner Meeting at the Hotel Breslin on April 23rd and elected the following officers: Pres., Frederic J. Lanning, Motor & Equipment Mfrs. Ass'n; First Vice Pres., Thos. J. O'Brien, Electro Metallurgical Sales Corp.; Second Vice Pres., Chas. A. O'Donnell, John C. Sleater & Co.; Third Vice Pres., H. F. Christie, Cannon Mills, Inc.; Treas., John Deutsch, Butler Bros.; Sec., Harry F. Comerford, Central Hanover Bank & Trust Co. The above officers, together with Herbert Kopke, Pacific Fire Ins. Co., and Elwood Fuller, Quaker Oats Co., comprise the Alumni Council ruling body of the group.

Hartford: W. J. Bunce, director of the Hartford Association of Credit Men, has been elected treasurer of the American Hardware Corporation of New Britain, Conn. Mr. Bunce has been very active in the Hartford Association for several years.

National Nominations Committee

The following have been named by President Ray C. Wilson to serve on the National Nominations Committee at the 47th annual Credit Congress at Cincinnati on May 11-14:

District No. 1: John Miller, Norton Company, Worcester, Mass., and Edward S. Lancaster, American Paper Goods Co., Kensington, Conn.

District No. 2: Willard H. Williams, Francis H. Leggett & Co., Buffalo, N. Y., and C. Herbert Bradshaw, Bausch & Lomb Optical Co., Rochester, N. Y.

District No. 3: Charles E. Fernald, Fernald & Co., Philadelphia, Pa., and J. A. Cross, Salem Grocery Co., Salem, Va.

District No. 4: H. Thiessen, Ogleby, Norton Co., Cleveland, Ohio, and Miss Alleen Harrison, Tafel Electric & Supply Co., Louisville, Ky

District No. 5: H. D. Palmer, Detroit Steel Products Co., Detroit, Mich., and Maurice D. Fields, Central Rubber & Supply Co., Indianapolis, Indiana.

District No. 6: W. C. Samuels, The Texas Co., Houston, Texas, and A. P. Brigham, Jr., Pet Milk Sales Corp., St. Louis, Mo.

District No. 7: M. D. Thomason, Perfection Mattress & Spring Co., Birmingham, Ala., and Albert Spaar, Woodward Wight Co., New Orleans, La.

District No. 8: G. L. Johnson, Farwell, Ozmun, Kirk & Co., St. Paul, Minn., and A. C. Walstrom, Bemis Brothers Bag Co., Omaha, Neb.

District No. 9: R. N. Swanson, Interstate Radio & Supply Co., Denver, Colo.

District No. 10: L. R. Pendell, Closset & Devers Co., Portland, Ore., and M. C. Walton, Southern California Telephone Co., Los Angeles, Calif., and Charles Sondhaus, National Lead Co., San Francisco, Calif.



Cincinnati Credit Women Ready to Greet Congress Visitors. (Seated left to right:) Ruth Steilberger, Mabel Vincent, Marie Kroger, Bertha Schraeder, Emma Kiefel, Edna Wilks, Lazetta Mead, Teresa Wittekind, Rose Basler (on arm of chair) Dorothy Lepof. (Standing, left to right:) A. L. McFarlan, Bernadine Bready, Marie Alexander, Pauline Klamfoth, Anna Brownbeck, Ruth Hunt, Lillie Brownbeck, Louise Howe, Loretta Gilliece, Elsie Kuhl, Ada Klein, Georgia Hummel, Mrs. H. A. Nieman, Mrs. W. G. Drexelius, Betty Stone.

Convention Program Time-Table

MONDAY MORNING

May 11, 1942

10:00 Credit Congress Call to Order GEORGE J. GRUEN, General Convention Chairman, and Past President, National As-sociation of Credit Men; Chairman, The Gruen Watch Co., Cincinnati, Ohio

Invocation REV. JAS. G. HELLER Rabbi, Isaac M. Wise Temple, Cincinnati

National Colors Ceremonial Singing by all of "The Star Spangled Banner"

10:15 Presentation of Gavel by General Chairman to R. C. WIL-SON, President, N.A.C.M.; Vice-President, First Na-tional Bank, Salt Lake City, IItah

10:20 Welcome to the Credit Congress

For the City of Cincinnati HON. MYERS Y. COOP-ER, Former Governor of Ohio; President, Norwood-Hyde Park Bank & Trust Co., Cincinnati

For the Cincinnati A.C.M. WM. A. KROGER, President, C.A.C.M.; Storrs-Schaefer Co., Cincinnati

10:45 Response to Welcome CHARLES A. WELLS, Past President, N.A.C.M.; President, John S. Brittain Dry

Goods Co., St. Joseph, Mo. 10:55 Introduction of Guests R. C. WILSON, President, N.A.C.M.

11:05 Appointment of Credit Con-

gress Committees
11:15 Keynote Address: "Credit for the Duration-and After!" HENRY H. HEIMANN, Executive Manager, N.A.C.M.

MONDAY NOON

ANNUAL FOREIGN TRADE AND FOREIGN CREDIT LUNCHEON P. M. HAIGHT, CHAIRMAN MONDAY AFTERNOON

May 11, 1942

2:00 Call to Order PAUL W. MILLER, Vice President, Eastern Division, N.A.C.M.; Vice President, Atlantic Steel Co., Atlanta, Ga.

2:05 Greetings from Robert Morris Associates

ARTHUR L. MOLER, Fifth Third Union Trust Co., Cincinnati

2:15 Address: "Cooperation for Victory" HON. JAS. G. STEWART,

Mayor of Cincinnati 2:55 "Building the Credit Man's Future" DR. CARL D. SMITH, Presi-

dent, Babson Institute, Babson Park, Mass.

3:15 Address: "Charting the Course of Inter-American Relations" JOSEPH C. ROVENSKY, Ass't Coordinator of Inter-American Affairs, Washington, D. C.

TUESDAY MORNING May 12, 1942

10:00 Call to Order BRUCE R. TRITTON, Vice-President, Central Division, N.A.C.M.; Vice - President, American Stove Co., Cleveland. Ohio

Invocation

REV. LESLIE R. SMITH, Pastor, Walnut Hills Christian Church, Cincinnati

10:05 Greetings from Canadian Credit Men's Trust Association, Ltd.

ERIC BURKE, George Weston, Ltd., Toronto; Member, Board of Directors, C.C.M.

10:20 Annual Report of N.A.C.M. President R. C. WILSON

10:35 Address on Transportation and Credit

NELSON LEE SMITH, Chairman, Board of Investigation and Research, Wash-

ington, D. C.
11:15 Address: "Government Financing"

JOHN J. ROWE, President, The Fifth Third Union Trust Co., Cincinnati

TUESDAY NOON

SPECIAL LEGISLATIVE LUNCH-EON ON DISTRIBUTION — TRANSPORTATION — CREDIT RELATIONSHIPS

Speaker: DONALD CONN, Executive Vice President, Transportation
Association of America Subject: "What Time Is the Future?"

TUESDAY AFTERNOON May 12, 1942

VICTORY CREDIT SESSION

2:00 Call to Order R. W. WATSON, Vice President, Western Division, NACM, Los Angeles, Calif.

2:05 Membership Reports and Awards

JOHN L. REDMOND, Past President, N.A.C.M. and Chairman, National Membership Committee

2:30 Report of Executive Manager, N.A.C.M.

HENRY H. HEIMANN 3:00 NACM and Service Session.

(This particular session is intended to point out the activities of the various local Associations and their service bureaus in defense and war activities. A symposium on these activities that will emphasize the value of service departments and importance of the Association in war time and its importance in the post war program. Executive Manager Henry H. Heimann will act as interrogator and will commence the program with a brief introductory statement of the National Association's co-ordination in this defense, war and victory program.)

3:10 The Association Adjustment Bureau Handles Alien Property Liquidation. Presented by a representative from Seattle, Washington

3:25 The Association Interchange and Reporting Departments Assist Production by Investigation of Responsibility and Reliability of Sub-Contractors for Those with Defense Contracts

3:40 Association Arranges Re-Financing of Manufacturing Organization to Handle Essential Defense Production. Presented by a representa-tive from Grand Rapids, Michigan

3:50 Locating and Making Avail-able Plant and Warehouse Facilities for Defense Operation and Storage. Presented by a representative from Cleveland, Ohio

4:00 Possibility of Supervision of Store or Businesses Where Owner Has Been Inducted into the Service. Presented by a representative from Omaha, Nebraska

4:10 Subject to be announced. Presented by a representative from New York City

4:20 Subject to be announced. Presented by a representative from Newark, New Jersey

4:30 Subject to be announced. Presented by a representative from Chicago

4:40 Subject to be announced. Presented by a representative from San Francisco

WEDNESDAY ALL DAY INDUSTRY GROUP SESSIONS (For Industry Programs See Page 30)

THURSDAY MORNING May 14, 1942

10:00 Call to Order BRUCE R. TRITTON, Vice President, Central Division, N.A.C.M.; Vice President, American Stove Co., Cleveland, Ohio Invocation

- RT. REV. MSGR. R. MAR-CELLUS WAGNER, Director, Catholic Charities of the Archdiocese of Cincinnati
- 10:10 Greetings from the National Retail Credit Association
- 10:15 Report: "Role of the Credit Woman Today"
 - S. JANE WHITE, Cleveland Ice Cream Company, Cleveland, Ohio; Chairman, National Credit Women's Executive Committee
- 10:20 Address: "Some Underlying Factors in the Credit Situa-
 - WILBUR P. CALHOUN, Professor of Finance, University of Cincinnati
- Statement of Policy of the N.A.C.M.
 R. W. WATSON, Chairman, National Resolutions Com-
- 11:15 Address (Title to be Announced)
 - HON. JOHN W. BRICKER, Governor of Ohio

THURSDAY AFTERNOON May 14, 1942

- 2:00 Call to Order
 R. C. WILSON, President
 N.A.C.M.
- 2:05 Reports and Announcements
 (Special Recognition of Past
 N.A.C.M. Leaders)
- 2:20 Address: (Title to be Announced)
 - HON. WESLEY E. DISNEY, U. S. Representative from Oklahoma; Member, Ways and Means Committee, House of Representatives
- 3:00 Report of Nominations Committee

JOHN L. REDMOND, Chairman

Annual Election
"AULD LANG SYNE"

Awards Certificate

Syracuse—The Syracuse Chapter NIC had one of the largest attended Class Dinners in several years, on April 20. Class Pres. Marvin C. Pellenz, Sherwin-Williams Co., presided, and awarded certificates to students completing he course in Business Correspondence. A short talk was given by Prof. Howard T. Viets of the Syracuse University Staff, School of Business Administration. Motion pictures on "Wheels Across India," shown through the courtesy of Forsythe and Gale, were one of the high-lights of the evening.

Our Distaff Side

New York: "Cooperation between the Credit and Sales Department" was the subject of a symposium held by the N. Y. C. W. G. at its regular monthly dinner meeting April 16th. The subject was divided into three parts, each of which was presented by a member of the Group, and the summation was in the hands of Miss Ann Clayman, of Rentner Leonard Co., Chairman of the Speakers Committee, who also acted as quizzmaster.

At the annual election held at this meeting, Miss Catherine Cohen, New York Girl Coat Co., was reelected president.

Minneapolis: The Minneapolis WCW Club elected officers for the coming year at a dinner meeting at the YWCA on April 9. Miss Melba Gahring, N. W. Casket Co., will serve as President. Miss Blanche Scanlon, Nash Coffee Co., was chosen Vice-President; Miss Constance Nelson, Munsingwear, Inc., Secretary; Mrs. Ruth Thorburn, Treasurer. Colored motion pictures of the Pacific Northwest and of Yellowstone National Park were shown.

San Francisco: The monthly meeting of the Club, attended by members and their guests, was held on the evening of April 15 with guest speaker Edward P. Murphy, Judge of the Superior Court, San Francisco, talking on the subject: "Salvage for Victory." Helen Ferris was in charge of arrangements and entertainment.

Denver: The Credit Women's Club of Denver held their regular monthly meeting at the Argonaut Hotel, during which installation of officers took place. Later, Mr. Rudolph Swanson, President of the Rocky Mountain Association of Credit Men, spoke before our meeting and showed moving pictures taken during the New Orleans convention in May of last year.

Tacoma: On April 13th the Tacoma Credit Women's Club met for dinner at the "Dalhem." Election of officers was held at the regular business meeting immediately following the dinner. A Vice-President, Secretary, Treasurer and two board members were elected.

Cincinnati: The new officers of the Women's Group of the Cincinnati Association of Credit Men are Wilda Stroup, President; Rosa Bassler, Vice President; Ada Klein, Treasurer; Ruth Steilberger, Secretary.

Milwaukee: The Milwaukee Credit Women's Club received a visit from a delegation from the Women's Club of the Chicago Association on April 21st. The occasion was dinner at the City Club.

Philadelphia: Charles E. Fernald, president of the Credit Men's Association of Eastern Pennsylvania, was the speaker at the April 9th dinner session of the Philadelphia Credit Women's Club.

Binghamton: Members of the Triple Cities Credit Women's Club learned about the organization and function of the New York State Guard at the monthly dinner meeting held at Hotel Frederick at Endicott on April 14th. The speaker was Andrew Elkins, who is a lieutenant in the Intelligence Office of the 2nd Battalion of the New York State Guard.

Carry-On

Chicago: The World War has been brought home forcibly to the members of the Chicago Association of Credit Men by the announcement to Mr. and Mrs. David Wallen of Chicago from Lt. Gen. Thomas Holcomb, U. S. Marine Corps, Washington, D. C., that their son, Richard C. Wallen, is "missing in action." Just a year ago "Dick" Wallen, who was a member of the staff of the Chicago Association of Credit Men, resigned his position to join the U. S. Marine Corps. A few months later Private Wallen was assigned to the U. S. S. Houston, heavy cruiser and former Flagship of the Asiatic Fleet. The Houston is reported to have been sunk the night of February 28, while attempting to run Sunda Strait, between Sumatra and Java.

In Richard's last letter home he wrote: "United freedom for you and me . . . that's what we want preserved . . . most people back there don't realize it, or think much about it, but we do here. If anything should happen to me, pick up the tools and continue. . . ."

Buffalo: J. L. Sahlen, Jr., Credit Manager of the Sahlen Packing Company, and Edwin H. Gray, Credit Manager for Eber Brothers Wine & Liquor Corp., have joined the United States Army.

Plan Study of Transportation

New York: Committee for studying postwar transportation problems was named at a joint conference held early in April between representatives of the National Association of Credit Men, the New York Credit Men's Association and representatives of various lines of transportation. The committee is composed of William F. Angus, Diamond T Motor Car Company; F. H. Janke, American Brake Shoe and Foundry Company; and Paul Haase, National Association of Credit Men.

Syracuse: "President Fred Weymer of the Syracuse Association of Credit Men sponsored a 'get-together' party at the Onondaga Hotel on Tuesday, April 14, tendered to David A. Weir, Assistant Executive Manager, U. A. C. M. It has been 4 years since Mr. Weir's last visit on a speaking engagement to this Association. Invitations were extended to the officers, directors, and past-presidents of our association to attend this function in honor of Mr. Weir."

National Institute Activities

South Bend-Preliminary discussions regarding the possibility of organizing an NIC Chapter in this city, now that the course in Credits and Collections is under way, have recently been held. The complete list of those lecturing in the current Credits and Collections class, which is scheduled to hold its last session on May 13, includes:

H. Ray Nelson, Ass't Secy.-Treas., First Nat'l Bank and Trust Co.; J. R. Storey, Sec'y, South Bend Electric Co.; L. G. Waterson, Manager, South Bend Retail Credit Bureau; Kenneth Erhardt, Manager, Credit Dep't, First Bank & Trust Co.: E. V. Kidd, Credit Manager, Studebaker Corp.; O. W. Tait, Manager, Dun & Bradstreet; W. J. Haney, Manager, Interchange Bureau, Chicago; Wm. Pippinger, Bus. Administrator, Studebaker Corp.; Jos. H. Flynn, Credit Manager, Malleable Steel Range Co.; George Kropff, Att'y, Kenneth A. Ball, Sec'y-Mgr., South Bend Ass'n of Credit Men; Clem K. Kuehne, Mgr., H. D. Lee Mercantile Co.; P. M. Millians, American Credit Indemnity Co., Baltimore, Director, C. S. Haffner, Ass't Treas., South Bend Bait Co.

Pittsburgh-The local Chapter NIC held a joint meeting with the Forum Group of the Pittsburgh Chapter of the American Institute of Banking on April 16, at the Fort Pitt Hotel in a discussion of "Relationship Between Bank and Trade Cred-J. D. Dupuis, Peoples-Pittsburgh Trust Co., representing the A.I.B., presented the bankers' viewpoint and C. T. Siebert, Jr, Carnegie-Illinois Steel Corp., handled the subject from the trade creditor angle.

Cleveland-The Cleveland Chapter of the NIC completed its fiscal year on April 6, 1942, with the election of officers and an address by Henry L. Brover, Esq., on the subject of "Creditor's Rights After Judg-

The Institute wound up a successful season which included a program of eight educational meetings, all of which were well attended and packed with timely and opportune information.

To guide the destinies of the Chapter for the coming season the following officers were elected-President, Henry M. Barr; Vice-Pres., Ben Parker; Secretary, B. E. Loftus; Treas., C. F. Boettner, and Librarian, Lucy Geib Killmer.

Plans for the coming fiscal year are being formulated and arrangements made for speakers and subjects for the continued credit education of the Institute members.

Syracuse-Under the instructorship of Professor H. T. Viets of Syracuse University, the local Chapter NIC completed thirty hours of study at the end of March on the subject "Business English and Let-ter Writing." The Chapter's operations have been under the guidance of the local Association's Educational Committee Chairman, C. H. Jacobsen of the First Trust & Deposit Co.

New York-Frank R. McGoey of National Carbon Co., Inc., was elected President of the New York Chapter NIC at a meeting held on April 9, at the Hotel Pennsylvania. Other officers chosen were: A. Melville Jackman of Edmund Wright Ginsberg Corp., Vice President; Wm. W. Stebbins, Cannon Mills, Inc., Vice Pres.; Peter V. Cerar, Cullen Fuel Co., Inc., Vice Pres.; Clifford Harrison, Wm. Iselin & Co., Inc., Vice Pres.; George E. Koenig, Manufacturers Trust Co., Secretary; Albert H. Walters, Prentice Hall, Inc., Treasurer.

Credit Career

Frank E. Caffrey, Assistant Divisonal Treasurer of the Pittsburgh Plate Glass Co. started as a clerk with his company in Newark in 1908. He was appointed

Cashier and Credit Manager in March, 1918 and Assistant Divisional Treasurer in January, 1921. Mr. Caffrey supervises the accounting and financial work of the paint division of the company in their Newark plant.

He has been a member of the New Jersey Association of Credit Men since March 1st, 1918. He

was very active during his membership, on the Legislative, the Fraud Prevention and also the Membership Committees. After serving on the Board of Trustees he was elected President of the Association serving during the years 1928 and 1929. At the present time he is on the Advisory Board and also the Finance Committee of the New Jersey Association of Credit He is also active on a Committee preparing for the New York-New Jersey-Pennsylvania Credit Conference to be held in Newark in October, 1942.

Mr. Caffrey is very well known not only in New Jersey but throughout the country because of his work with the Pittsburgh Plate Glass Company and also because of his attendance at the Conferences and Conventions of the National Association of Credit Men. Mr. Caffrey has been a member of the Foreign Credit Interchange Bureau of the National Association of Credit Men since the inception of this Bureau and is now a member of the Foreign Credit Executive Committee.

Mr. Caffrey is an active member of the Chamber of Commerce of the City of Newark and the Newark Safety Council. serving on the Fire Prevention Committee of the Council.

He is a member of the Newark Athletic Club, the Downtown Club and the Crestmont Golf Club. He was a member of the Board of Trustees of the Crestmont Golf Club for nine years and served as Chairman of the Club Finance and House Com-

News from Local Associations

Philadelphia: The April issue of "The Lens," the monthly publication of the Credit Men's Association of Eastern Pennsylvania, carries a cartoon showing a hunter with a double-barrel gun pointed at a "bird" labelled "Membership of 500." The hunter is credited with saying that he wants to take the bird to the National Convention. The local Association has increased its membership by 92 in the last six months.

St. Louis: The annual meeting and election of officers of the St. Louis Association of Credit Men will be held at the Coronado Hotel on May 2nd. Program for this occasion was under the direction of the entertainment committee. The advance announcement declared that no tickets were to be sold at the hotel, and only those making reservation in advance would be accommodated. The election of officers was presented by a nominations committee headed by Edw. W. Henne, of Missouri Portland Cement Company, as chairman.

Philadelphia: The forty-seventh annual meeting and banquet of the Credit Men's Association of Eastern Pennsylvania was held on April 23rd at the Bellevue-Stratford Hotel. Clayton Rand, of Gulfport, Miss., was the speaker at the banquet.

Milwaukee: George Liedich, of W. H. Kranz Company, had high average for 18 games of 193 in the Credit Men's Bowling Tournament. He was awarded the Zebra trophy which was donated in 1941 by Don Graham of Greusel Distributing Company.

Worcester: Members of the Worcester County Credit Men's Association are quite delighted with the announcement from Gardner, Mass., that M. D. Stevens, credit manager, Heywood-Wakefield Company, of Gardner, who was president of this Association last year, has been proposed as president of the Gardner Chamber of Commerce. Mr. Stevens is serving this year as president of the Rotary Club of Gard-

Providence: The Rhode Island Association of Credit Men has postponed its annual meeting which was scheduled by the Constitution for May 19th to June 2nd. This is because of the conflict between the May 19th date and the date of the National Convention. The Rhode Island Association held a joint dinner meeting on April 27th with the Providence Chapter of Cost Accountants.

Pittsburgh: The fifth annual meeting and credit conference of the National Fuel Credit Association was held here on Thursday and Friday, April 23rd and 24th. A. Krausman, Secretary-Treasurer of Mitchell & Dillon Coal Company, Chicago, acted as conference chairman.

Industry Programs at Credit Congress

(Continued from page 32)

"We Credit Executives vs. Our National Fiscal Policy of Administration." Otis H. Walker, Credit Managers' Association of Northern & Central California, San Francisco, will talk on "Your Credit Association—What It Can Do for You."

There will be a joint luncheon at the Netherland Plaza Hotel with the Building Material & Construction; Hardware Manufacturing; and Wholesale Hardware Industries followed by an address "Economics in War Time," by W. W. Hewett, Professor of Economics, University of Cincinnati

The afternoon session will be in the form of an open meeting discussion on the following topics:

"National Credits and Collections Committee—Paint, Varnish and Lacquer Industry." Leader: W. L. Lang, Devoe & Raynolds Co., Inc., New York.

"Credit Policies of Our Industry During the War." Leader: Dwight Sherburne, A. Burdsal Co., Indian-

"An Industry Membership Registration." Leader: Harry E. Rhell, John T. Lewis & Bros. Co., Philadelphia.

"Our President's Endorsement." Leader: F. J. Hamerin, Lilly Varnish Co., Indianapolis.

"Industry Conversion—Civilian Production to War Production." Leader will be announced.

Paper Products & Converters: The meeting will open with an address by Arthur A. Schy, President, Industrial Financial Service, Ltd., Chicago, on "Creditor Cooperation at the Debtor's Sickbed During the Present Upheaval." J. Harold Stehman, Marketing Analyst, Department of Commerce; also associated with Consumer Programs Branch, Division of Civilian Supply, War Production Board, Washington, D. C., will talk on "The Place of Credit in Marketing Available Civilian Supplies."

There will be an executive session and round table discussion on War Problems during which all phases of credit affected by the present emergency will be covered.

There will be a joint luncheon with the fine paper industry following which Dr. Theodore N. Beckman, Professor of Marketing, Ohio State University, will address the Joint Session on "What's Ahead on the Economic Front."

Plumbing & Heating: E. B. Woeldike, Treasurer, St. Louis Branch, York Ice Machinery Corp., St. Louis, will speak on "Methods of Reducing Old Accounts While Selling Currently." "Sources of Credit Information" will be the subject of a talk by E. A. Paulson, Dun & Bradstreet, Inc., Cincinnati. Donald C. Campbell, Continental Insurance Co. of New York, Chicago, will talk on "Insurance and Credit in War Times." Robert C. Graebner, First Bancroft Corp., Cincinnati, will talk on "Exceptions to Regulation 'W' in the

Plumbing and Heating Field."

There will be an industry luncheon at the Sinton Hotel at 12:30.

Public Utilities: The industry has planned an outstanding program, and will be in session a part of every day from Monday to Thursday, inclusive. The Monday session will be limited mainly to organization.

On Tuesday, there will be an address of welcome, by H. C. Blackwell, President, The Cincinnati Gas & Electric Co., Cincinnati. Dr. Theodore N. Beckman, Professor of Marketing, The Ohio State University, will speak on "Credit Peering Into the Future Through Frosted Glass."

Tuesday afternoon, there will be a panel discussion with J. G. Waddick, The Peoples Gas Light & Coke Co., Chicago, as chairman, on the subject "Due to the Loss of Trained Employes, What Changes in Credit and Collection Procedure and Policy Can Be Made?" Participants in the discussion will be D. Robertson, The Detroit Edison Co., Detroit; L. P. McNamara, Wisconsin Electric Power Co., Milwaukee; F. D. Hayes, West Penn Power Co., Pittsburgh; and Richard Breed, Atlantic City Electric Co., Atlantic City.

The Wednesday session will open with an address "Salvaging Charged Off Accounts," by E. W. Leonard, The Bell Telephone Co. of Pa., Pittsburgh. Howard E. Kroll, Dun & Bradstreet, Inc., Chicago, will speak on "Recognizing the Financially Insolvent Customer." G. A. Saas, Citizens Gas & Coke Utility, Indianapolis, will speak on "The Customer Looks at Us—A Worm's-Eye View."

An industry luncheon is scheduled for 12:30, Wednesday, at the Netherland Plaza Hotel.

Thursday will be devoted to visiting a local utility, and a tour of Cincinnati.

Textile: Louis Oresman, C.P.A., Member of the Firm of Aronson & Oresman, New York, will speak on "Lifo." G. C. Klippel, Van Camp Hardware & Iron Co., Indianapolis, will speak on "Credit Interchange—Its Added Effectiveness Under Present Conditions." A speaker whose name will be announced will talk on "Priorities and Their Effect on the Textile Industry."

There will be an industry luncheon at the Gibson Hotel at 12:30.

Wearing Apparel: This meeting is for delegates in the Clothing, Men's Furnishings, Dry Goods, Footwear, Ladies' Wear, Millinery and All Allied Lines. The first speaker will be Harry J. Delaney, Vice-President and Secretary, Meinhard, Greeff & Co., Inc., New York, who will talk on "Present and Future Prospects of the Apparel Industry—From a Financial Executive's Viewpoint." Fred Roth, President, Whitney-Roth Shoe Co., Cleveland, will talk on "The New Problems of the Little Business Man." Thomas J. Fleming, Comptroller and Secretary, Alms & Doepke Co., Cincinnati, will speak on "Merchandising Control." A. T. Woodward, Assistant Secretary, United States Shoe Corp., Cincinnati, will speak on "Sales Possibilities Through Ratio Analysis."

There will be an open forum discussion on "Credit Limits—How to Establish Them." Discussion leaders will be: Paul Dugan, Timely Clothes, Inc., Rochester;

Ed. Heine, H. A. Seinsheimer Co., Cincinnati; Harry J. Wilkinson, John B. Stetson Co., Philadelphia; T. E. Wimberly, Lee Dry Goods Co., Inc., Shreveport; and David Zall, Manhattan Shirt Co., New York.

An industry luncheon is scheduled at the Sinton Hotel. The luncheon will be followed by an address by J. Harold Stehman, of Washington, D. C., on "The Place of Credit in Marketing Available Civilian Supplies."

Name Faculty for Summer Institute of Credit

Babson Park, Mass.—Three additional instructors have been named for the 1942 sessions of the NACM's Summer Institute of Credit Management which will open here for two weeks on the campus of Babson Institute beginning July 26th. Approximately one hundred men and women credit executive members of the NACM have indicated interest in attendance at this year's sessions. Besides instructors previously named, completion of the Summer Institute faculty includes the following: Leland T.

Hadley, Goodman Manufacturing Co., of Chicago, who will teach the course in Credit Department Management and Procedures (including letters, collection processes, banking credit, information sources, relationship of sales finances and credits).



Mr. Hadley

Dr. Harley L. Lutz, Princeton University, who will be in charge of the course in *Public Finance* (including the effect of taxes on business).

Professor Ray B. Westerfield of Yale University who will conduct the course in *Economics for Today and Tomorrow* (including money, production, distribution, labor, capital management).

Previously announced faculty members and their courses include: Professor John Andrew Petersen, Babson Institute, Analysis of Financial Statements; Professor Louis P. Starkweather, New York University, Bankruptcy and Reorganizations; Eugene J. Benge, Industrial Engineer, Chicago, Business Psychology; Professor Harold Hastings Shively, Babson Institute, Commercial Law (including contracts and sales); Professor John E. Millea, Babson Institute, Management Problems and Policies (including emphasis on corporate finance and distribution).

Details as to the Summer Institute courses, living arrangements, costs, etc., are available from the Director, Summer Institute of Credit Management, One Park Avenue, New York. Prompt action is advisable, since the registration list will close shortly.

Houston to Be Host To Fall Conference

Houston: Houston is already looking forward to the Southwest Credit Conference scheduled for this city on October 16th and 17th at the Rice Hotel. A program committee is already at work, and it is the hope of the members of the local Association that this Southwest Conference will be one of the largest ever held in this section of the country. F. R. Springer, of the Humble Oil & Refining Company, is chairman in charge of the conference.

F. R. Hiller Dies

New York: Many friends in the export field were saddened early in April at the news of the death of F. R. Hiller. Mr. Hiller was connected with the Interwoven Stocking Company of New Brunswick, N. J.

Coast Secretaries Meet Aug. 17

Portland: The dates for the Western Division Secretary Managers Conference has been announced as August 17th, 18th, 19th and 20th at the Benson Hotel.

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ILLINOIS FIRE

Insurance Company
HOME OFFICE: CHICAGO

Business Thermometer

Wholesalers' Sales, Inventories and Credits March, 1942

An increase in sales of 28 per cent was registered by wholesalers in March, 1942, over the same month a year ago, according to an announcement released today by J. C. Capt, Director of the Census. The gain reported for February of this year compared with February of last year was 34 per cent. For the first quarter of 1942, the gain amounted to 33 per cent over the corresponding quarter of 1941. An increase of 6 per cent occurred between February and March of 1942 as against the increase of 12 per cent which occurred between these months a year ago.

This monthly study is conducted jointly by the National Association of Credit Men and the Bureau of the Census.

Without exception, the 35 trades for which separate statistics are presented registered increases in March of this year compared with March, 1941, four of which were in excess of 50 per cent, and five additional, between 40 and 50 per cent. Wholesalers of meats and meat products reported a gain of 62 per cent; wholesalers of groceries and foods, except farm products, 15 per cent; wines and liquors, 26 per cent; drugs, 22 per cent, clothing and furnishings, except shoes, 29 per cent; shoes and other footwear, 40 per cent; and wholesalers of dry goods, 51 per cent. Substantial increases were recorded in most durable goods lines, wholesalers of furniture and house furnishings reporting an increase of 48 per cent; jewelry wholesalers, 26 per cent; general hardware, 39 per cent; plumbing and heating supplies, 42 per cent; and lumber and building materials wholesalers, 25 per cent. Wholesalers of paper and its products reported a gain of 47 per cent.

Inventories, in terms of dollars based on cost values, at the close of March remained virtually unchanged compared with February, when they were but slightly lower. Since January, 1941, inventories at the close of each month have exceeded those at the beginning, the increases varying generally between less than .5 per cent and 3 per cent, with the exception of the high of 6 per cent recorded for January of last year. Compared with March a year ago, inventories at the close of March, 1942, show an increase in dollar volume of 20 per For thirty-two consecutive months, inventories have exceeded those at the same date one year earlier. Inventory gains as well as sales gains, however, are partially attributable to prices.

The stock-sales ratio at the close of March, 1942, was 152 as against 158 for the same month a year ago and 161 for February, 1942. Eighteen trades reported decreases in stock-sales ratios between March, 1941, and March, 1942, while 13 reported increases. Wholesalers of groceries and foods, with a 15 per cent increase in sales and a 30 per cent increase in inventory for March, 1942, over the same month a year ago were among those outstanding for rising stock-sales ratios.

Collections on accounts receivable for March show a fair gain compared with collections for March a year ago, and a slight increase above those for February of this year. The collection ratio for March was 81, compared with a ratio of 75 for March, 1941, and 78 in February, 1942. Accounts receivable were 24 per cent greater on March 1, 1942, than at the same date in 1941, in line with the increase of 25 per cent reported for February of this year. Accounts receivable were 2 per cent greater on March 1, 1942, than on February 1, 1942.

Detailed figures are presented in the following tables in summary for the United States, and in so far as the data permit without disclosing individual operations, by geographic divisions

WHOLESALERS' sales and inventories, March, 1942

	Sa	les-Cur	rent Mon	th .	Year-	les— to-Date	Inventory		ock-Sa Ratios	tios*			
Kind of Business	Number of firms		change 42 from	March	Percent change	3 Mos.	Number of firms		change 42 from	Mar. 31,			
	reporting sales	Mar. 1941	Feb. 1942	1942 (Add 000)	from 3 Mos. 1941	(Add 000)	reporting stocks	Mar. 1941	Feb. 1942	1942 (Add 000)	Mar. 1942		
Automotive supplies. Chemicals (industrial) Paints and varaishes Clothing and furnishings, except shoes Shoes and other footwear Coal Drugs and sundries (liquor excluded) Dry goods. Electrical goods. Dairy and poultry products Fresh fruits and vegetables Farm supplies. Furniture and house furnishings. Groceries and foods, except farm products Full-line wholesalers. Voluntary-group wholesalers. Retailer-cooperative warehouses Specialty lines. Confectionery. Wines and liquors Liquor department of other trades† Total hardware group General hardware. Industrial supplies. Plumbing and heating supplies Jewelry. Optical goods Lumber and supplies, except electrical Machinery, equipment and supplies, except electrical Surgical equipment and supplies, except electrical Machinery, equipment and supplies. Paper and its products. Petroleum. Tobacco and its products Leather and shoe findings	18 65 46 33 11 130 104 319 28 82 7 68 612 331 148 22 111 33 99 48 340 385 147 121 117 24 51 69 28 29 99 95 12 13 14 14 15 16 16 16 16 16 16 16 16 16 16	+13 +130 +299 +40 \$ +221 +51 +8 +282 +70 +415 +115 +13 +15 +13 +15 +29 +26 +28 +26 +28 +26 +28 +21 +29 +21 +21 +21 +21 +21 +21 +21 +22 +21 +21	- 6 +13 +17 +10 8 +13 +10 - 5 +13 +12 +50 +22 +50 +23 +1 1 - 3 - 10 +13 +11 +14 +13 +12 +11 +11 +11 +11 +12 +14 +15 +16 +17 +17 +17 +18 +18 +19 +19 +19 +19 +19 +19 +19 +19 +19 +19	\$4,041 1,886 3,206 4,548 18,131 1,906 23,216 18,061 19,206 2,989 2,080 2,080 4,011 7,953 4,011 7,953 4,174 6,105 48,741 12,016 7,584 6,105 3,915 3,915 9,915 3,915 3,915 9,915 3,915 3,915 9,915 3,915 3,915 9,915 3,915	+27 +36 +42 +33 +32 +18 +18 +52 +24 +28 +24 +28 +26 +28 +26 +28 +26 +28 +26 +28 +44 +31 +31 +32 +34 +41 +41 +32 +42 +41 +31 +32 +34 +34 +34 +35 +36 +36 +36 +36 +36 +36 +36 +36 +36 +36	\$14,463 5,680 9,548 11,783 50,056 51,002 68,105 51,202 109,074 6,944 14,790 4,455 27,7238 202,737 80,252 275,742 13,647 33,096 2,188 96,151 2,653 15,254 17,823 154,168 87,166 44,667 22,335 5,685 1,047 11,306 13,020 3,820 17,179 26,779 44,969 38,068 38,068	104 13 16 25 20 101 57 280 155 37 365 192 101 12 60 18 63 35 23 249 93 82 74 71 11 12 84 47 11 18 49 88 44	+16 +30 +24 +22 +5 -17 +30 +213 +22 +33 +22 +33 +22 +41 +49 +37 +40 +38 +11 +12 +13 +14 +14 +15 +16 +17 +17 +18 +18 +19 +19 +19 +19 +19 +19 +19 +19 +19 +19	++500000000000000000000000000000000000	\$5,963 993 1,281 1,357 6,520 30,838 24,493 34,289 367 961 10,896 56,985 27,762 21,885 3,774 3,564 8,624 4,635 67,511 48,636 67,511 48,636 67,511 48,636 67,511 186 6,225 726 6,085 6	259 64 2100 67 174 216 37 183 183 183 183 193 224 48 48 222 196 66 48 222 196 141 141 141 142 143 144 145 146 147 147 148 148 148 149 149 149 149 149 149 149 149 149 149	229 63 213 131 187 	237 66 229 136 92 199 221 103 66 50 211 175 187 199 221 249 163 188 241 199 221 249 163 188 187 167 167 167 167 167 167 167 167 167 16
Miscellaneous	26	+34	+12	2,390	+25	7,499	24	+ 6	-13	2,651	110	121	12
United States	2,874	+28	+ 6	\$311,388	+33	\$1,039,770	1,782	+20	+ §	\$298,052	152	158	16

* These stock-sales ratios are percentages obtained by dividing stocks by sales for an identical group of firms.

* Less than 0.5 percent.

- Insufficient data to show separately.

* Not affiliated with voluntary or cooperative groups.

† Chiefly of the wholesale drug trade. - Insufficient data to show separately.

WHOLESALERS' accounts receivable and collections, March, 1942

		Coll	lection Percent	tages*	Ac	counts Receiva	ble
Kind of Business	Number of firms reporting	March	Mørch	February	March 1	change 942 from	As of March 1,
	Toporting	1942	1941	1942	March 1941	February 1942	1942 (Add 000)
Automotive supplies	160 18	72 90	59 86	71 84	+15 +44	- 7 + 7	\$4,854 2,116
Paints and varnishes	32	45	38	41	+22	+ 5	1,613
Clothing and furnishings, except shoes	43	71	67	63	+16	+16	5,736
Shoes and other footwear	30	47	40	41	+29	+24	14,732
Coal	-11	95	90	98	+ 9	-15	2,122
Drugs and sundries (liquor excluded)	116	76	70	72	+11	- 5	24,359
Dry goods	93	53 76	48	49	+36	+ 8	27,817
Electrical goods	297 21	156	78 143	73 138	+27 +28	+ 6 - 6	42,542
Dairy and poultry products	65	155	142	142	+19 +19	+ 3	988 1.302
Farm supplies.	4	104	123	122	+125	+63	1.096
Furniture and house furnishings	57	60	62	49	+52	+ 7	12,613
Groceries and foods, except farm products	459	106	100	103	+17	- 2	40,652
Full-line wholesalers	232	98	92	93	+14	-3	17,734
Voluntary-group wholesalers	121	107	100	104	+18	-1	16,377
Retailer-cooperative warehouses	17	181	176	184	+19	+ 1	1,871
Specialty lines	89	104	100	100	+23	0	4,670
Confectionery	19	77	65	68	+28	- 3	574
Meats and meat products	87	169	160	165	+54	- 8	17,007
Beer	18	149	123	130	+11	+ 7	142
Wines and liquors	28	87 77	86 79	82 70	+24	- 5	4,139
Liquor department of other trades	34 363	69	59	67	+49 +20	- 4 + 3	7,067 59,860
Total hardware group	138	65	52	63	+18	+ 5	38,380
Industrial supplies	110	83	80	80	+28	+1	11.996
Plumbing and heating supplies.	115	69	63	67	+19	-4	9,484
Jewelry	29	29	21	30	- 3	+4	3,536
Optical goods	21	67	62	67	+8	+ 3	369
Lumber and building materials.	50	73	71	70	+10	+1	4,187
Machinery, equipment and supplies, except electrical	61	68	57	63	+15	- 2	5,104
Surgical equipment and supplies	27	54	45	56	+35	+ 2	1,513
Metals	27	118	103	109	- 5	- 2	3,498
Paper and its products	83	73	63	74	+31	- 2	9,766
Petroleum		125	120	105	+30	-11	1,345
Tobacco and its products. Leather and shoe findings	89 11	117 64	111 44	108 49	+13 +19	- 4 - †	6,350 323
Miscellaneous.	23	77	73	76	+ 4	-3	1.888
		.,					-
United States	2,387	81	75	78	+24	+ 2	\$309,210

 $^{\circ}$ Collection percentages are obtained by dividing the collections by accounts receivable for an identical group of firms. † Less than 0.5 percent.